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More on Proceedings at NAM Meeting in Jakarta

Indonesia's Alatas Opens Meeting

BK0902103094 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 9 Feb 94

[Text] Foreign ministers of the Nonaligned Movement [NAM] today started discussions on realizing the NAM's efforts to overcome international political and economic problems. The consultative meeting of a number of NAM foreign ministers under way at the Department of Foreign Affairs in Jakarta will end tomorrow.

Opening the meeting this morning, Foreign Minister Ali Alatas said efforts to end Serbian brutalities and to enhance cooperation between the NAM and the Group of 77 are among the pressing issues that need to be tackled. Indonesia reiterated the need for an immediate lifting of the arms embargo on Bosnia-Herzegovina and the convening of an international conference on Bosnia. The lifting of the arms embargo will motivate the Serbs to honor various UN resolutions and end their indiscriminate acts against the Bosnians.

The NAM members also need to continue paying attention to the debts of developing nations. He reminded the NAM and the Group of 77 to continue coordinating and consolidating their economic activities.

The consultative meeting attended by 21 NAM members, including Indonesia is expected to overcome the problems in preparation for a NAM ministerial meeting to be held in Cairo, Egypt in early June.

Indonesia Urges Bosnia Air Strikes

BK0902123394 Jakarta ANTARA in English 0953 GMT 9 Feb 94

[Text] Jakarta, Feb. 9 (ANTARA)—Foreign Minister Ali Alatas on Wednesday the UN decision to create "safe areas" in Bosnia-Herzegovina must be enforced to deter further attacks and ensure the flow of humanitarian aid to the war-torn region. Action should now be taken against Serbian forces in the event that they attack the safe areas or block humanitarian and aid operations," he said at the key-note address of the consultative meeting of Nonaligned Movement (NAM) foreign ministers.

Alatas said the United Nations Protection Force (UNPROFOR)'s mandate to enforce and establish a unified command structure for all troops in Bosnia should be more effective. He also stressed the need to launch air strikes against Serbian forces and stop its arms supply.

"The air strikes against Serbian forces and an interdiction of arms supplies to their units in Bosnia must now be put into effect," Alatas said, adding that the arms embargo on Bosnia should be lifted to rectify the acute imbalance of armaments in the field and to motivate the Serbs to come to the negotiating table. "Our current efforts on Bosnia are focused on these endeavours and on the feasibility of convening an international meeting on Bosnia."

The minister also expressed concern over the crisis in countries such as Somalia and in the Middle East. He said the current situation in Somalia was complicated by the intended pullout of American, French, Italian, and Turkish troops that once made up the UN peacekeeping forces in the country.

In addition, he also mentioned that Israel had not yet fulfilled the December 13 date to withdraw from designated areas as stipulated by the peace accord it signed with the PLO last September.

"Further aggravating the situation is the persistence of oppressive Israeli policies and practices in the occupied territories and the inflexibility shown in its negotiations which cannot but have broader ramifications," he said.

In his speech, Alatas said he hoped to see the Joint Coordinating Committee (JCC) establisted by NAM and the Group of 77 (G-77) begin its operations this year.

"For this purpose, an ad-hoc working group comprising of members of NAM and G-77 will be established to formulate its term of reference," he said.

The idea of forming the JCC was first mooted by heads of state at the 10th NAM summit in Jakarta two years ago. They had all stressed the need to harmonize, consolidate, and whenever necessary integrate the economic activities of both NAM and G-77. G-77 is a consultative forum for economic affairs of developing countries with Egypt as the leader.

The JCC is expected to harmonize NAM's action programme for economic cooperation and the G-77's Caracas Program of Action (CPA).

"When the JCC starts operating, we can expect South-South cooperation to be more focused and more efficient as it brings about the harmonization of APEC [Asia-Pacific Economic Cooperation] and CPA programs," said Alatas.

The two-day NAM ministerial consultative meeting was attended by foreign ministers and representatives of 22 member countries.

Syria's Al-Shar' Demands Action

JN0902173494 Damascus Syrian Arab Republic Radio Network in Arabic 1615 GMT 9 Feb 94

[Excerpt] The states of the Nonaligned Movement opened their consultative meeting in Jakarta this morning. Foreign Minister Faruq al-Shar' participated in this meeting. In his comments, al-Shar' called for activating the movement's stands and decisions in order to take part in formulating international resolutions and resolving regional and international problems in the current international situation.

Within this framework, the foreign minister denounced the barbaric massacre against Muslim Bosnians. He demanded that the world community not accept just an expression of regret and concern but take a measure to end this continued tragedy. [passage omitted]

Syria's Al-Shar' Meets Counterparts

JN0902192094 Damascus SANA in Arabic 1750 GMT 9 Feb 94

[Text] Damascus, 9 Feb (SANA)—Foreign Minister Faruq al-Shar' this evening received Iranian Foreign Minister 'Ali Akbar Velayati on the sidelines of the consultative meeting held by the foreign ministers of the nonaligned states in Jakarta. The meeting was attended by Syria's ambassador in Jakarta 'Abd-al-Salam 'Aqil and the Iranian ambassador in Jakarta.

Talks covered the peace process in light of the outcome of the Geneva summit, as well as bilateral relations. The two sides discussed issues on the agenda of the Nonaligned Movement's consultative meeting.

Faruq al-Shar' earlier met with Pakistani Foreign Minister Asaf Ahmad Ali in the presence of Syria's ambassador in Jakarta, 'Abd-al-Salam 'Aqil. The two sides discussed bilateral relations and issues of common interest.

Iran's Velayati Addresses Session

LD0902184194 Tehran IRNA in English 1745 GMT 9 Feb 94

[Text] Jakarta, Feb. 9, IRNA—Foreign Minister 'Ali Akbar Velayati here today urged the Non-Aligned Movement (NAM) and G-77 to launch close and effective cooperation in order to confront the challenges and to settlment the problems facing them.

Velayati in his address at the opening session of the meeting of selected foreign ministers of NAM in Jakarta called for the establishment of a joint coordinating committee between NAM and G-77 and said such committee would provide an appropriate mechanism for the exchange of views, adoption of joint positions and coordination of activities and strategies concerning development.

He undelined that the connection between NAM and G-77 should focus primarily on implementation of decisions fostering development. As for the South-South cooperation, Velayati said "it has, so far received nothing but a lip sevice."

He emphasized the need for a political will to facilitate interaction among private sectors of the developing countries and called for expansion of the south-south cooperation to cover regional trade unions in order to pave the ground for a new effective and consensus-based multilateralism.

Velayati stressed the consideration of revival of the Action Program for Economic Cooperation (APEC) to promote the economic cooperation among the South countries.

NAM Calls for UN Session on Bosnia

BK1002054894 Jakarta ANTARA in English 0330 GMT 10 Feb 94

[Text] Jakarta, Feb 9 (ANTARA)—The Nonaligned Movement (NAM) will explore the possibilities of the United Nations convening a special session on Bosnia-Herzegovina if current efforts to establish peace in the area prove fruitless, Foreign Minister Ali Alatas said Wednesday. The idea of calling for a special UN session was approved by a NAM foreign ministers conference currently underway here, Alatas told newsmen.

Participants of the NAM ministerial meeting requested Indonesia as NAM chairman to propose to the movement's coordinating bureau in New York to meet with the purpose amongst others to explore the possibilities of having the United Nations organize a special session on Bosnia-Herzegovina, he said. A special UN session was a last resort in case the UN Security Council proved unable to implement the resolutions it had itself issued, Alatas said.

The NAM foreign ministers also asked the five Nonaligned countries that are currently member of the UN Security Council to urge the council to carry out its resolutions.

"If the UN Security Council cannot execute its own resolutions we will, through our coordinating bureau in New York, call for a special UN session on Bosnia", Alatas said.

He said non-implementation of the UN Security Council's resolutions—such as on establishment of safe areas and limited air strikes against Serb forces in Bosnia, was caused by reluctance on the part of a number of council members. A special UN session, according to Alatas, could authorize a number of member countries to settle a conflict such as had happened in the case of the Korean war. In such a special UN session a decision could be reached by voting while the veto right of UN Security Council members did not apply.

"We hope that in this manner the slaughter in the region can finally be ended," he said.

The NAM Foreign ministers also supported the idea to stage an international conference on Bosnia-Herzegovina as proposed not long ago by the Organization of the Islamic Concerence (OIC), Alatas said.

They called on the NAM chairman to propose to the movement's coordinating bureau in New York to examine the possibilites of undertaking such an international conference since the London conference on Bosnia had yet to produce any decision capable of halting the war. Alatas said the principles of the London

conference's resolutions had remained unimplemented. "It is therefore time to settle the conflict in Bosnia in a just and comprehensive way," he said.

The ministers at their meeting here also called for the lifting of the arms embargo on Bosnia-Herzegovina in order to bring about a military balance and press Serbia into returning to the conference table, Alatas said.

Opened by Alatas Wednesday, the NAM foreign ministers meeting here is being attended by 22 countries and will discuss a number of topics in preparation of a NAM ministerial meeting due to take place in Egypt next June.

On the meeting's opening day Indonesia as NAM chairman briefed participating countries on various progammes of activities that had been implemented and those yet to be carried out.

Suharto on Bosnia, NAM Cooperation

BK1002100494 Jakarta ANTARA in English 0907 GMT 10 Feb 94

[Text] Jakarta, Feb 10 (ANTARA)—President Suharto in his capacity as the chairman of the Nonaligned Movement (NAM) said that there has been a change in the pattern of approach to implement the North-South cooperation.

"Today, the partnership spirit has become the new pattern of the North-South cooperation," said the head of state when receiving 21 representatives of NAM members here on Thursday.

Foreign Minister Ali Alatas quoted President Suharto as saying that the North-South cooperation should be implemented on the basis of mutual interest and interdependency spirit. The president said that some resolutions and agreements reached by NAM members at the Jakarta's 10th NAM summit 17 months ago in the sectors of debt management, population, food etc have been implemented.

Suharto said he had discussed with leaders of the Group of Seven (G-7) industrialized countries debt burden issues involving 50 NAM members, 18 of which are classified as the poorest countries with the slowest GNP. The G-7 groups the US, Japan, Britain, Canada, Germany, France and Italy. The leaders of the G-7 have admitted the important roles played by the 108-member movement in settling the debt burden, Alatas quoted President Suharto as saying.

Stating that the NAM will always strive to put more emphasis on such an economic issue, the head of state said that Indonesia is ready to share its experiences with other members in managing the debt.

"We made an effort to soften the debt burden faced by countries having the lowest revenue. It could be the re-scheduling of the debt payment," he added.

On the Bosnian issue, the head of state has expressed his strong support for the establishment of an international conference on Bosnia.

For this aims, the chairman of the NAM will give inputs to the NAM coordinating bureau in the U.N. to follow up their planned international conference.

Minister Alatas said that he could understand if there are some groups of people who have expressed dissatisfaction towards Indonesia's inability to send its troops to Bosnia. He said that the sending of the troops would never settle the problem.

"It would only be worsening the condition," he said, adding that the key to the settlement of the Bosnia-Herzegovina issue is to implement the U.N resolutions and abide by the international law.

Alatas strongly asked the Serbian and Croatian forces to stop the aggression against Bosnia-Herzegovina, saying "If necessary, the U.N may use the arms force to stop it."

Japan

Hosokawa Vows Efforts To Conclude Trade Talks

OW1002041194 Tokyo KYODO in English 0402 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—Prime Minister Morihiro Hosokawa vowed efforts Thursday [10 February] to bring stalled trade talks with the United States to a successful conclusion in his meeting Friday with president Bill Clinton in Washington. However, Hosokawa offered no clues as to how he will break the impasse.

He reiterated that Japan cannot accept a U.S. proposal to set numerical targets to gauge the openness of its markets to imports, but said he will strive to reach an accord on bilateral trade, Chief Cabinet Secretary Masayoshi Takemura told a news conference.

He said the premier told a cabinet meeting that the trade negotiations are a key to further promoting friendly and constructive ties between Japan and the U.S.

Hosokawa will fly to Washington later Thursday and hold a summit with Clinton on Friday to assess progress in the economic negotiations being held under a bilateral trade framework accord concluded last July.

It will be Hosokawa's third meeting with Clinton since he took office last August. They first met in New York in September and again in Seattle in November.

In his afternoon news conference, Takemura reiterated that Tokyo cannot accept the U.S. demand on numerical targets, saying, "I don't think we will depart from that principle."

On Hata's arrival in Washington, Takemura said the foreign minister will do everything he can in a last-ditch effort to break the gridlock in the bilateral trade talks before the Hosokawa- Clinton summit.

Asked about International Trade and Industry Minister Hiroshi Kumagai's remark suggesting the possibility of a partial agreement in the negotiations, the chief government spokesman said Tokyo is still trying to reach a comprehensive accord with Washington.

Japan and the U.S. have been negotiating on three priority trade areas—government procurement of goods and services, auto and auto parts trade, and insurance. They remain at odds over the U.S. demand that "objective criteria" be set to measure how open Japanese markets are to imports.

Leaves for Summit With Clinton

OW1002104494 Tokyo KYODO in English 1025 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—Prime Minister Morihiro Hosokawa left for Washington on Thursday [10 February] for a summit meeting with U.S. President Bill Clinton, which is expected to focus on stalled trade negotiations.

Hosokawa and wife Kayoko, who departed on a government aircraft from Haneda Airport, are scheduled to arrive in Washington later Thursday evening local time.

The prime minister will meet with Clinton for two hours Friday in an effort to break the deadlock over trade issues.

He is also scheduled to attend a joint press conference with Clinton, meet with leaders of the Republican Party, and deliver a speech in English at Clinton's alma mater, Georgetown University.

Hosokawa is scheduled to return to Japan on Sunday.

It will be the third meeting between the two leaders, but Clinton is expected to press Hosokawa harder this time for a "results-oriented" agreement on the bilateral trade framework negotiations.

Hata, Other Officials on Talks 'Showdown'

OW1002032094 Tokyo KYODO in English 0310 GMT 10 Feb 94

[By Antonio Kamiya]

[Text] Washington, Feb. 9 KYODO—Japan and the U.S. headed toward a showdown Wednesday [9 February] over a plethora of trade issues as both sides hardened their positions before Friday's summit between Prime Minister Morihiro Hosokawa and President Bill Clinton.

Under orders from U.S. Trade Representative Mickey Kantor, U.S. negotiators suspended a series of high-level negotiations with their Japanese counterparts scheduled for Wednesday.

Kantor told reporters he decided to terminate the subcabinet talks which he said would "create more and more frustration among the negotiators of both sides if we continue."

The Clinton administration has demanded that Tokyo make a firm commitment to reducing its massive current account surplus, which totaled 141 billion dollars last year, including a nearly 60 billion dollar trade surplus with the United States.

In particular, Washington wants the Japanese to buy more foreign cars and auto parts, medical and telecommunications equipment, and insurance, the three industry sectors currently the focus of negotiations between Tokyo and Washington.

Kantor's surprise move angered Japanese negotiators and left the task of hammering out any agreement to a direct showdown with Japan's foreign minister Tsutomu Hata, who arrived in Washington late Wednesday.

Officials have set make-or-break trade talks for Thursday between Hata and Kantor.

"I have brought no new proposals in my luggage," Hata told KYODO NEWS SERVICE while en route to Washington.

"The situation is extremely critical. Both sides need to make mutual concessions, if possible," he said.

Hosokawa is due to meet with Clinton on Friday, but Tokyo decided to send Hata to Washington a day ahead of schedule to give the stalled trade talks a final push.

Senior Japanese officials who have been involved in negotiating with Washington were visibly annoyed by what they regarded as Kantor's high-handed negotiating style.

"I suppose I can pack up and go back to Japan now," one disgruntled Japanese official said.

Kantor, who met with a group of Japanese reporters at the white house on Wednesday afternoon, emphasized that his "get tough" strategy has the full support of the president.

Clinton "has made it clear to us" that no agreement is better than a bad agreement, Kantor said.

The impasse, both Japanese and U.S. officials say, centers on how to measure progress on foreign access to and performance in the Japanese market.

Washington has insisted on using "quantitative measures" of progress, a step which Tokyo has rejected as anathema to free trade.

Hata also reiterated Japan's opposition to the U.S. demand for import targets, saying, "we have to stick to our principles."

Such measures would result in managed trade, which runs counter to the "ongoing deregulation" championed by the Hosokawa government, Hata said.

Kantor admitted that "there may or may not be an agreement" by the time Hosokawa and Clinton meet on Friday and repeated a warning that the U.S. will "reevaluate" its economic relations with Japan if the talks collapse.

He declined to specify what steps Washington would take other than to say, "we have numerous options."

U.S. lawmakers who have backed the Clinton administration's aggressive trade policy on Japan were less reticent.

"Super 301 is still the best approach to Japan," said senator Max Baucus, referring to the lapsed U.S. trade legislation which mandates trade sanctions against countries engaging in unfair trade practices.

Baucus, the democratic chairman of the Senate Subcommittee on Trade, said he has received "plenty of signals" from the Clinton administration that it will restore super 301 if trade talks with Japan sour.

Hata Arrives in Washington To Discuss Talks

OW1002015694 Tokyo KYODO in English 0133 GMT 10 Feb 94

[Text] Washington, Feb. 9 KYODO—Japanese Deputy Prime Minister and Foreign Minister Tsutomu Hata arrived in Washington on Wednesday [9 February] night to try to break a deadlock in the stalled framework trade talks between Japan and the United States.

U.S. Trade Representative Mickey Kantor earlier in the day announced the suspension of working-level negotiations until Hata's arrival in the hope that a Japanese political decision could lead to a breakthrough.

The talks, which had resumed in Washington early this week, stalled due to a squabble over how to measure Japan's efforts to open its auto and other markets.

Hata is to join Friday's summit meeting between Prime minister Morihiro Hosokawa and President Bill Clinton.

Meets With Kantor 10 Feb Morning

OW1002125294 Tokyo KYODO in English 1233 GMT 10 Feb 94

[Excerpt] Washington, Feb. 10 KYODO—Japan's Foreign Minister Tsutomu Hata met Thursday morning [10 February] with U.S. Trade Representative Mickey Kantor in a bid to break the deadlock in the stalled bilateral framework trade talks before Friday's Japan-U.S. Summit.

The meeting was held as Japan and the United States head toward a showdown over a plethora of trade issues before Prime Minister Morihiro Hosokawa and President Bill Clinton meet. Hata arrived in Washington late Wednesday on an emergency mission seeking U.S. understanding on the Japanese position.

Hata said he is bringing no new proposals to Washington.

Japan has turned down a U.S. demand that numerical targets be set to measure the progress in opening Japan's markets, saying they would result in managed trade. [passage omitted]

Hata, Kantor End Talks

OW1002145994 Tokyo KYODO in English 1445 GMT 10 Feb 94

[Text] Washington, Feb. 10 KYODO—Japan's Foreign Minister Tsutomu Hata ended talks with U.S. Trade Representative Mickey Kantor on Thursday [10 February] aimed at breaking an impasse in the stalled bilateral framework trade talks.

The details are not yet known. But Hata later told reporters he will hold one or two more rounds of talks

with Kantor before Friday's meeting between Japanese Prime Minister Morihiro Hosokawa and President Bill Clinton.

"Both Japan and the U.S. hope to bring the trade talks to a conclusion," said Hata, also deputy prime minister.

The meeting was held as Japan and the United States head toward a showdown over a plethora of trade issues before the summit.

Hata arrived in Washington late Wednesday on an emergency mission seeking U.S. understanding of the Japanese position. He said he was bringing no new proposals to Washington.

Tokyo has turned down a U.S. demand that numerical targets be set to measure the progress in opening Japan's markets, saying they would result in managed trade.

Hata is also scheduled to hold separate talks with Secretary of State Warren Christopher and Vice President Albert Gore before the leaders' meeting.

Under orders from U.S. Trade Representative Kantor, U.S. negotiators suspended a series of high-level trade negotiations with their Japanese counterparts scheduled for Wednesday.

The Clinton administration has demanded that Tokyo make a firm commitment to reduce its massive current account surplus, which totaled 141 billion dollars last year, including a nearly 60 billion dollar trade surplus with the U.S.

In particular, Washington wants the Japanese to buy more foreign cars and auto parts, medical and telecommunications equipment, and insurance. U.S. Government sources have said Washington might impose trade sanctions against Japan if no agreement is reached.

In Tokyo, a top Foreign Ministry official said Japan will appeal to the General Agreement on Tariffs and Trade (GATT) if such sanctions are imposed. The official asked not to be identified.

MITI's Kumagai on Trade Talks, Tax Reform

OW0902224094 Tokyo Asahi Television Network in Japanese 0109 GMT 6 Feb 94

[Comments by International Trade and Industry Minister Hiroshi Kumagai during a panel debate moderated by political commentator Soichiro Tawara; from the "Sunday Project" program—via satellite hookup]

[Excerpts] [Kumagai, commenting on the issue of numerical targets in the Japanese-U.S. framework trade talks] I would like to refute [Keio University] Professor Takenaka's assertion that Japan has not proposed an alternative to the numerical targets put forward by the United States. The fact is that, based on actual trade results, Japan has proposed concrete measures to help promote the access of U.S. firms to Japanese markets. There is a discord between Japan and the United States over the U.S. call for Japan to indicate market share targets for U.S. companies in Japanese markets modeled on agreements reached in the semiconductor talks. As Professor Takenaka pointed out, the call will lead to managed trade. The Hosokawa cabinet believes that, because the roles of the government and private sectors have changed, the past tactics of the Ministry of International Trade and Industry should be scrapped. Based on this principle, the government has proposed concrete measures to help U.S. and Japanese companies in their business activities. The concrete measures include a plan to set up a joint Japanese-U.S. committee to study the reasons behind stagnant U.S. exports to Japan by examining the trade results of each country. For example, the United States has called on the subsidiaries of Japanese automakers in the United States to increase their procurement of U.S.-made parts. If they are going to buy more, U.S. parts makers have to improve the quality of their products. To do this, both sides should submit their plans under the so-called design-in scheme, and discuss the design and cost of parts. Specifically, if they are to increase Japanese procurement, they need to decide just how long they are going to discuss these matters. Unlike government procurement, however, private-sector procurement can change and depends on the behavior of consumers and industry. The call to set targets for procurement by the private sectors ignores this and is tantamount to a controlled economy. We cannot accept such a call. [passage omitted on remarks by other panelists]

[Kumagai, commenting on remarks by U.S. Treasury Undersecretary Lawrence Summers that Washington is not demanding numerical targets but indicators that monitor Japanese efforts to open its markets] Washington is urging that Tokyo accept the proposal to set indicators while we have expressed apprehension that such indicators might become virtually numerical targets. The principle Mr. Summers has just mentioned has been agreed by Japan. I believe, therefore, that if we negotiate based on this principle and with wisdom, we will certainly be able to successfully conclude all trade sector talks, including talks on macroeconomic measures, by 10 February. We should and can conclude them by that date. As [Kyoto University] Professor Kosaka pointed out, neither side can reveal its trump card while negotiations are continuing. At the final stage, then, we hope to make a political decision which can conclude the trade talks. Prime Minister Morihiro Hosokawa has repeated that the government backs the agreement to create new markets, to review the roles of government and private sector, and to create a society which is open. I hope the two sides will conclude trade talks based on these principles. I think Mr. Summers shares that view. [passage omitted on comments by other panelists]

[Kumagai, commenting on Professor Takenaka's proposal that Tokyo take responsibility for its macroeconomic issues and Washington withdraw demands for measures that might lead to managed trade] Since the

first Hosokawa-Clinton talks we have discussed macroeconomic issues based on the idea that Japan should bear responsibility for the world economy. Japan has promoted the discussions, not only to fulfill pledges to the United States but to play its due role in the world. With this in mind, the government is struggling to implement drastic pump-priming measures and control the domestic situation. Although the ratio of Japan's current account surplus to its GNP was once 3.6 percent, it has dropped to about 3 percent. Mindful of this, the government is trying to implement economic stimulus measures. If Washington sees Japan's efforts to shore up the economy, it will know that the Hosokawa government, has tried to meet its responsibilities. It is true that Japan and the United States distrust each other. Whether or not the distrust is dispelled depends on your political stance.

[Kumagai answering Tahara's question as to what measures he would propose to dispel distrust between Japan and the United States] I think Japan should disclose its outlook for economic growth and its stimulus measures. Prime Minister Hosokawa has announced his long-term vision for the 20th century. He is now trying to compile pump-priming measures, including the fiscal 1994 budget. I hope Washington will understand that in the process of formulating pump-priming measures, many political adjustments are needed.

[Kumagai commenting on a retracted Hosokawa proposal to create a national welfare tax] On 3 September last year, Prime Minister Hosokawa, based on an agreement among the ruling parties, asked the Tax Commission to draw up drastic tax reform measures. In October, the Tax Commission reached a conclusion and announced reform measures. At that time, the mass media and political circles had hot debates over the reform measures. The debates included all questions currently being discussed. I mean questions concerning implementing tax cuts to shore up the economy and deal with the aging society, balancing income, consumption, and asset taxes, and increasing the consumption tax to fund large-scale tax cuts. The size of the tax hike and reductions were also discussed. Moreover, whether or not to use the term "welfare tax" was discussed by the Tax Commission. If the Liberal Democratic Party were in power, it would have spent about one month discussing the tax reform. But at that time, the Hosokawa government had to deal with the Uruguay Round talks and the political reform issue. As a result, tax reform discussions came to halt. Nevertheless, the ruling parties have continued tax reform debates. Also, the government established the Economic Affairs Committee to continue the discussions. Therefore, from our viewpoint, it was quite natural that the idea of creating a welfare tax cropped up during discussions. If you review media reports, you will know that the government has continued tax reform discussions. But because everybody focused on the political reform issue and the government had to settle other grave issues in such a short period, it looked as if the welfare tax proposal appeared abruptly.

[Kumagai answering Tawara's question as to whether he supports Hosokawa's plan of adopting a 7 percent welfare tax in 1997 to fund 6 trillion yen tax cuts] From long-term viewpoints and to balance all taxes, I think it is necessary to carry out the plan. So I support the plan.

[Passage omitted on Kumagai remarks on the need to adopt the welfare tax to make tax cuts possible and to deal with the aging society]

[Kumagai answering Tawara's question as to how the government intends to handle Hosokawa's tax hike and reduction plans, whether it will compromise with the Social Democratic Party of Japan (SDPJ) over the plans] It is difficult for me to answer the question since I am a member of the government. But I support the plans as I said earlier. At any rate, the government has to reach a conclusion in two days and the conclusion should be agreed upon by all ruling parties. I think the agreement among the ruling parties is important. I would like to say to the SDPJ that should the Hosokawa cabinet, ignoring financial conditions, decide on a plan to implement tax cuts without securing revenue sources to fund the cuts, the public will totally lose their trust in the cabinet. Therefore, the cabinet has to implement tax cuts while securing revenue sources. I hope you will understand this.

[Kumagai refuting Tawara's criticism that Prime Minister Hosokawa retracted so easily his tax reform plans immediately after the plans drew criticism] Prime Minister Hosokawa has not changed his stance. Although the prime minister has agreed to take his tax reform plans back to the drawing board and have the representatives of the ruling parties discuss them again, he has stated that his stance has not changed. He has asked the representatives of the ruling parties to decide on measures to fund tax cuts if they agree to implement them. Nonetheless, tax reform is a grave issue. In the past, it rocked the LDP-led Ohira, Nakasone, and Takeshita cabinets. At one time, about 80 to 90 percent of LDP members were opposed to the tax reform. But I believe the Hosokawa cabinet is strong enough to tide over the current difficulties.

Suggests Partial Accord for Talks

OW1002035094 Tokyo KYODO in English 0342 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—Japan and the United States should not let the trade "framework" talks collapse and a partial agreement should be sought if necessary, Japan's trade minister said Thursday [10 February].

"The U.S. has lately stiffened its attitude to seek numeral targets in the talks, because the talks are reaching a crucial point," said Hiroshi Kumagai, minister of international trade and industry, [MITI] after the day's ad hoc cabinet meeting.

Japan, for its part, remains opposed to introducing such "numerical" targets to measure progress in opening Japan's markets, he said.

"But I believe we cannot afford to cancel everything we have discussed in the talks," Kumagai said, adding the two countries should agree on whatever issues they could.

Areas for such partial agreement include simplifying Japan's government procurement procedures and increasing private-level cooperation programs in the respective automotive industries, he suggested.

He also said the two countries have discussed in working-level negotiations including in the final accord the opinions of two sides about the numeral targets.

Japanese Prime Minister Morihiro Hosokawa is scheduled to leave Thursday for Washington to review progress in the framework talks with U.S. President Bill Clinton on Friday.

Tokyo, U.S. Agree on Transport Cooperation

OW1002043294 Tokyo KYODO in English 0410 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—Japan's Transport Ministry and the U.S. Department of Transportation have agreed to cooperate in research on transport-related technology, including the magnetically levitated transport system, ministry officials said Thursday [10 February].

The officials said the two countries are expected to announce the contents of the agreement at a summit meeting in Washington between President Bill Clinton and Prime Minister Morihiro Hosokawa on Friday.

The agreement covers bilateral exchanges of information in 17 areas, including the development of technology to control automobile emissions, a system for using integrated circuits to examine commuter tickets, and a railway signaling system which relies on satellites.

The magnetically levitated transport system is seen as a possible superfast alternative to conventional road and rail transport. The vehicles rely on a magnetic field for propulsion along a fixed guideway.

The agreement also allows for the exchange of experts in these fields, the sources said.

The first meeting of experts will be held in early May, they said.

Takemura Denies Considering DPRK Sanctions

OW1002040094 Tokyo KYODO in English 0339 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—Japan is not considering economic sanctions against North Korea for its refusal to open its nuclear facilities to international inspectors, Chief Cabinet Secretary Masayoshi Takemura said Thursday [10 February].

"We are not in a situation to do so," the top government spokesman said at a news conference.

Touching on the stalled talks between North Korea and the International Atomic Energy Agency (IAEA) over Pyongyang's suspected nuclear arms development program, Takemura said Tokyo will continue its diplomatic efforts to help the negotiations go smoothly.

Takemura's remarks came in response to a report in the major daily YOMIURI SHIMBUN that Japan, the United States and South Korea have agreed that United Nations economic sanctions will be inevitable if Pyongyang continues to block international inspections of its nuclear facilities.

The YOMIURI reported that the three countries reached the accord in early February at a trilateral working-level meeting in New York.

It also said Tokyo will start preparing for sanctions, such as limiting trade with Pyongyang and halting currency remittances there by North Korean residents of Japan.

Talks between North Korea and the IAEA, the Vienna-based international nuclear watchdog, have been stalemated over Pyongyang's rejection of the ieae special inspections.

The IAEA is expected to refer the matter to the U.N. Security Council later this month.

Japan's exports to North Korea amounted to some 28.2 billion yen in 1992 and imports from that country totaled 32.6 billion yen, according to Japanese Government figures.

Hosokawa: Time Not Ripe for Sanctions on DPRK

OW1002102294 Tokyo KYODO in English 0959 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—Prime Minister Morihiro Hosokawa said Thursday [10 February] he believes the time is not ripe to impose sanctions on North Korea for its refusal to open its nuclear facilities to international inspections. "I don't consider measures to that point (are necessary) yet," Hosokawa told reporters before leaving for summit talks in the United States.

While signaling that the North Korean nuclear crisis will figure high on the agenda in Friday's talks with U.S. President Bill Clinton in Washington, Hosokawa reiterated that Tokyo counts on Chinese cooperation in efforts to convince Pyongyang to reach a compromise.

"We are joining forces with the United Nations and the permanent members (of the UN Security Council), and would also like to enlist China's cooperation," he said.

He said he conveyed this request to Chinese President Jiang Zemin during the summit of Asia-Pacific leaders in Seattle in November.

Asked for comment on Shinseito co-leader Ichiro Ozawa's remarks alleging North Korea has already been armed with nuclear weapons, Hosokawa said this does not reflect the government's stance. "We don't have such reports on hand," he said.

Earlier in the day, Chief Cabinet Secretary Masayoshi Takemura also said Japan is not considering economic sanctions against North Korea. "We are not in a situation to do so," the top government spokesman said at a news conference.

Takemura said Tokyo will continue its diplomatic efforts to help the negotiations go smoothly.

The YOMIURI SHIMBUN reported Thursday that Japan, the United States and South Korea have agreed that UN economic sanctions would be inevitable if Pyongyang continues to block international inspections of its nuclear facilities. The daily reported that the three countries reached the accord in early February at a trilateral working-level meeting in New York.

It also said Tokyo will start preparing for sanctions, such as limiting trade with Pyongyang and halting currency remittances by North Korean residents of Japan.

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Russians Reportedly Detain 2 Fishing Boats

OW1002145294 Tokyo KYODO in English 1440 GMT 10 Feb 94

[Text] Kushiro, Hokkaido, Feb. 10 KYODO—A Russian vessel forced two Japanese fishing boats to undergo inspections and one of them has not yet returned, Maritime Safety Agency officials said Thursday [10 February].

The Russian vessel, apparently a patrol boat, forced the 83rd Kintoku Maru and the 18th Tenyu Maru to stop on Wednesday morning as they were sailing in waters 20 kilometers south of Etorofu, one of the four disputed islands held by Russia. The two trawlers were taken to Shikotan, also one of the four Russian-held and Japanese-claimed islands, and underwent inspection by Russian authorities, they said.

The Tenyu Maru with a crew of 16, based in Ishinomaki, Miyagi Prefecture, was released later that day and returned to Kushiro on Thursday morning but the whereabouts of the Kintoku Maru also with 16 crew members from Kushiro is still not known, the officials said. The Kintoku Maru and its crew are believed to be detained there, the officials said.

The two vessels had been engaged in fishing operations south of the Kuril chain of islands under a fishing agreement between Japan and Russia. Disputes over sovereignty of the four islands—Kunashiri, Etorofu, Shikotan and the Habomai groups of islets—have marred relations between the two countries.

Government Approves 3rd Extra Budget for 1993

OW1002084094 Tokyo KYODO in English 0826 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—The government on Thursday [10 February] approved a third supplementary budget for fiscal 1993, featuring a spending increase of 2,185.2 billion yen over the second revised budget to finance the latest pump-priming package. The third extra budget, endorsed at a cabinet meeting for introduction to the Diet next Tuesday, lifts the scale of the entire general-account budget for the current year ending in March to 77,437.50 billion yen.

The initial fiscal 1993 budget earmarked 72,354.8 billion yen.

Spending for public works projects was revised upward by 1,920.1 billion yen to cover a larger part of the largest-ever 15.25 trillion yen package released by the government Tuesday to turn around the ailing economy.

The extra budget also calls for additional outlays of 82.1 billion yen to help salvage struggling small companies.

A sum of 143.8 billion yen was additionally budgeted to make up for possible losses among farmers after Japan opens its rice market.

On the other hand, 10.8 billion yen was cut off the planned expenditures.

The spending increases under the extra budget will be financed by 2,182 billion yen in proceeds from construction bond issuance and 3.2 billion yen in nontax revenues.

The cabinet also approved an increase of 844.9 billion yen under the government's fiscal investment and loan program for fiscal 1993.

Finance Ministry Announces FY '94 Draft Budget

OW1002073794 Tokyo KYODO in English 0726 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—The Ministry of Finance (MOF) announced Thursday [10 February] its

belt-tightening draft fiscal 1994 budget totaling 73,081.7 billion yen, up 1.0 percent from the initial fiscal 1993 budget.

Finance Minister Hirohisa Fujii presented the draft at an evening cabinet meeting.

The Finance Ministry will immediately begin negotiations with other ministries and agencies on their allocation requests to complete a government budget bill next Tuesday.

The growth rate is higher than the 0.2 percent rise in the fiscal 1993 initial budget, but technical accounting methods such as suspending transfers and moving up redemptions have been used to inflate revenues and squeeze outlays. Without these measures, the draft budget would have posted a year-to-year contraction, officials said.

The general operating expenditures—public works, defense and other core outlays—totaled 40,854.8 billion yen, up 2.3 percent to post the lowest growth since a 1.2 percent rise in the initial fiscal 1988 budget.

Of the core spending, public works-related outlays come to 8,984.6 billion yen, up 4.0 percent, maintaining a relatively high growth rate.

Defense spending is up 0.8 percent to 4,678.8 billion yen and official development assistance (ODA) is about 4 percent higher at 1,055 billion yen.

As for other outlays, the ministry earmarked 14,360.2 billion yen for debt-servicing costs, down 7.0 percent, 12,757.8 billion yen for tax allocations to local governments, down 18.3 percent, and an unchanged 1,300 billion yen for various purposes using accumulated revenues from sales of shares of the privatized Nippon Telegraph and Telephone Corp. (NTT).

The ministry also wants to return 1,544.8 billion yen borrowed from the national debt consolidation fund in fiscal 1992 to cover a revenue shortfall.

On the revenue side, the draft budget estimates 53,665.0 billion yen in tax revenues, down 12.5 percent, due largely to cuts of some 4,377.0 billion yen in income tax and other taxes.

Nontax revenues are expected to rise 104.8 percent to 5,601.2 billion yen, stemming from advanced loan redemptions, and income from sales of NTT shares is estimated at 172.5 billion yen, down 7.5 percent.

The ministry is to issue a record 13,643.0 billion yen in government bonds, up 67.8 percent, comprising 10,509.2 billion yen in construction bonds to be used primarily for public works and 3,133.8 billion yen in deficit-covering bonds for financing the tax cuts. As a result, the dependence on public borrowings comes to 18.7 percent of the budget, up from 11.2 percent in fiscal 1993, and the outstanding balance of bonds tops 200 trillion yen for the first time to reach about 201 trillion yen, up from an estimated 182 trillion for the current year.

'Record Low' Rise in ODA Budget

OW1002075294 Tokyo KYODO in English 0741 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—The Finance Ministry's draft budget for fiscal 1994, submitted to the cabinet Thursday [10 February], earmarks some 1.05 trillion yen for official development assistance (ODA), up by a record low of about 4.0 percent from the initial fiscal 1993 budget.

The coalition cabinet headed by Prime Minister Morihiro Hosokawa is scheduled to decide on the government's budget proposal on Tuesday and submit it to the Diet for approval.

In the meantime, the Finance Ministry will hold last-minute negotiating sessions with other ministries and agencies on possible minor revisions.

But government sources said the ODA element is not expected to rise any higher than 4.6 percent in the budget for fiscal 1994, which starts April 1.

The rate of increase in the ministry's draft ODA budget, which compares with the previous fiscal year's 6.5 percent hike, is the lowest ever, undercutting a 5.8 percent boost in fiscal 1987. It is the fourth consecutive decrease since an 8.2 percent hike in fiscal 1990.

Ministry officials attributed the low rate of increase to severe fiscal constraints. They said it reflects efforts to strike a balance with the rest of the government's general account budget, in which a mere 1.0 percent increase was proposed, the lowest rate in seven years.

But they pointed out that the low rate of growth would be significantly offset in dollar terms by the high yen. Fiscal 1993's proposed ODA budget was calculated at the rate of 122 yen to the dollar, while this year's was figured at 106 yen, they said.

The Foreign Ministry had sought a 7.9 percent increase in August for its own aid budget for fiscal 1994, but the Finance Ministry proposed a mere 0.9 percent rise. In fiscal 1993 the Foreign Ministry accounted for roughly half Japan's overall 1.01 trillion yen ODA budget.

Finance Ministry officials said the proposed budget maintains the overall line of Japan's ODA program, while greatly expanding funding for projects that can be implemented at the grass roots level.

To that end, officials noted that the ministry proposed a 50 percent increase in small-scale project grant assistance and a 22.7 percent increase in support for nongovernmental organizations engaged in development and humanitarian efforts overseas.

But although 1.5 billion yen is devoted in the budget proposal to small-scale project assistance worldwide, it is less than other proposed ODA expenditures such as an allocation of 1.9 billion yen to build an "international center" on Japan's northernmost main island of Hokkaido.

The ministry proposes a 10 percent decrease in Japan's contributions to international organizations, down from fiscal 1993's 147.7 billion yen to 132.9 billion yen.

But it allocates 54.9 percent more funding for environmental conservation activities coordinated by the United Nations.

The budget proposal called for a 1.1 percent increase in bilateral grant aid from 243.1 billion yen to 245.8 billion yen, while recommending that bilateral technical assistance should grow by 4.9 percent from 210.2 billion yen to 220.4 billion yen.

The most massive increase in the proposed budget is in development aid for Palestinians, a 300 percent hike to 100 million dollars, reflecting progress made in recent Middle East peace negotiations.

'Main Points' of Draft Budget

OW1002090094 Tokyo KYODO in English 0850 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—The following are the main points of the fiscal 1994 budget proposed Thursday by the Finance Ministry.

—The budget allocates a mere 1.0 percent rise in the general accounts from the initial fiscal 1993 budget. Without technical accounting factors, the budget will post the first year-to-year contraction in 39 years.

—The Finance Ministry plans to issue deficit-covering bonds for the first time in five years to make up for revenue shortfalls stemming mainly from 6 trillion yen tax cuts. The ministry also plans to issue more construction bonds. As a result, the ratio of dependence on public borrowings rises to 18.7 percent from 11.2 percent in fiscal 1993.

—The general operating expenditures will rise only 2.3 percent but public works-related outlays will rise a relatively high 4.0 percent.

—Defense spending is up 0.8 percent for the lowest rise since fiscal 1960 and official development assistance (ODA) will rise 4.0 percent.

—The draft fiscal investment and loan program allocates 7.0 percent higher outlays to finance housing, public works and other projects.

Defense Budget Discussed

OW1002095094 Tokyo KYODO in English 0939 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—The Finance Ministry proposed to the cabinet on Thursday [10 February] a fiscal 1994 defense budget of 4,678.8 billion yen, up 0.8 percent over the initial fiscal 1993 budget and the smallest increase in 34 years.

In line with Japan's 1990-1995 defense buildup plan, the ministry set aside 882 billion yen to acquire frontline weapons, such as four F-15 jet fighters and two Boeing E-767 airborne warning and control system (AWACS) planes, ministry officials said.

The figure represented a 0.2 percent rise over fiscal 1993. Of the contract-based figure, 24.1 billion yen will be used as a down payment, with the remaining 857.9 billion yen payment to be deferred in coming years, the officials said.

Pressed by sagging state revenues, the ministry "did its utmost efforts to curb the Defense Agency-requested increases in frontline weaponry in view of the generally favorable international situation and the very serious fiscal conditions," an official said.

The agency initially requested an overall defense outlay of 4,734.5 billion yen for the fiscal year starting April 1, up 1.95 percent over fiscal 1993 that ends on March 31.

Despite a recent government proposal to trim levels of defense outlays in coming years, the ministry is aware of "the need to prevent possible policy decisions from dashing the possibility of future defense outlay increases," an official said. He was referring to Prime Minister Morihiro hosokawa's suggestion last year to review the level of defense spending and consider defense budget cuts.

In view of that, the ministry sanctioned a Defense Agency request to purchase an antimissile Patriot interceptor system and a sophisticated computer system to enhance the intercepting capability of the Japanese military's armory of Patriot missiles to counter a threat from North Korea's "Nodong-1" missiles, they said.

The Patriot missile system, including a radar and flight control system, will cost 33.5 billion yen, while the computer and computer software will cost 8.7 billion yen, they said.

The computer system will enhance the capability of two of Japan's 26 Patriot missile firing units to the level of the "PAC-2" Patriots, which were used by U.S. troops during the 1991 Gulf War to repel Iraqi Scud missiles, they said.

One firing unit comprises four missiles and five launchers.

The Defense Agency has been pushing for purchases of an improved version of the Patriots to counter the threat

of North Korea's missiles, which the 1993 Defense White Paper warned "will be able to reach most Japanese territory if Pyongyang deploys it to specific areas."

The draft defense budget accounts for 0.947 percent of Japan's estimated gross national product (GNP) for fiscal 1994.

The ministry boosted its allocations to help U.S. Forces in Japan. The figure was increased from 400.9 billion yen in fiscal 1993 to "more than 425 billion yen" in fiscal 1994, said Hirofumi Gomi, a senior official who helped draft the budget.

Of the 425 billion yen, the ministry allocated 123.4 billion yen toward "75 percent" of total labor costs of the some 22,000 Japanese employees working at U.S. bases in Japan, utilities and other costs, he said.

The spending is mandated under the 1960 Japan-U.S. Security Pact and the 1991 pact known as the Special Measures Agreement. The outlays are meant to cement the security solidarity of the two allies.

'Mere' 1 Percent Growth Projected

OW1002100594 Tokyo KYODO in English 0946 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—The Finance Ministry unveiled a tightened draft budget for fiscal 1994, projecting a mere 1.0 percent growth, but virtually shrinking from the initial fiscal 1993 budget.

Finance Minister Hirohisa Fujii presented the draft, totaling 73,081.7 billion yen, at an evening cabinet meeting and just in time for Prime Minister Morihiro Hosokawa's meeting with U.S. President Bill Clinton in Washington on Friday [11 February]. But Hosokawa may face difficulties in garnering U.S. support as the ministry barely managed to maintain only a small growth.

The growth rate is higher than the 0.2 percent rise in the fiscal 1993 initial budget after expenditures worth some 4,520 billion yen were squeezed through special accounting techniques. Those measures included suspending 3,084.9 billion yen in transfers to the debt-servicing account.

Without such measures to cope with expected low tax revenues from the prolonged economic slump and planned income tax cuts, the draft budget would have posted a year-to-year contraction, a senior ministry official told reporters.

The austerity is more clearly seen in the general operating expenditures—the core of a state budget including public works, defense, overseas assistance and other key outlays. Such spending totaled 40,854.8 billion yen, up only 2.3 percent to post the lowest growth since a 1.2 percent rise in the initial budget for fiscal 1988—a year before Japan last issued deficit-financing bonds.

Citing relatively strong spending in public works to lift the economy, Fujii told reporters that Japan could "win U.S. support" with the budget along with a third supplementary budget for fiscal 1993 budget, endorsed at the same cabinet meeting, and a record 15.25 trillion yen stimulus package launched Tuesday.

Public works-related outlays came to 8,984.6 billion yen, up 4.0 percent for the third straight year.

A key principle stressed in the budget draft is to "consider the economy as much as possible" to move it toward "a full-fledged recovery phase as soon as possible in fiscal 1994 and on to stable growth in and after fiscal 1995." But "to limit issuance of special (deficit-covering) bonds that leads to uncontrolled deterioration of financial structure, (the ministry) is making efforts to intensively and effectively distribute funds amid limited financial sources while more thoroughly reviewing expenditures," the draft says.

Amid a global trend of military cutbacks, the draft's principle is clearly reflected in defense spending worth 4,678.8 billion yen, up a scant 0.8 percent to mark the lowest growth in 34 years.

Outlays for official development assistance (ODA) were limited to 1,055.0 billion yen, up 4.0 percent. The growth is lower than fiscal 1993's 6.5 percent, but the ministry official said the total amount would be substantially higher in dollar terms after the yen's sharp appreciation over the past year.

The draft estimates 53,665.0 billion yen for tax revenues—the key income source—down 12.5 percent for the second consecutive year of lower projections.

Even if 4,377.0 billion yen in tax cuts are excluded, estimated revenues are 3,366.0 billion yen lower than the initial forecast in fiscal 1993.

Nontax revenues are expected to rise 104.8 percent to 5,601.2 billion yen, inflated irregularly through advanced loan redemptions, and income from sales of the privatized Nippon Telegraph and Telephone Corp. (NTT) shares is estimated at 172.5 billion yen, down 7.5 percent.

The special measures taken to raise revenues and squeeze expenditures are thus leading to the limiting of allocations for operating outlays. Given this situation, the ministry is to issue a record 13,643.0 billion yen in government bonds, consisting of 10,509.2 billion yen in construction bonds to be used primarily for public works and 3,133.8 billion yen in deficit-covering bonds to finance the tax cuts.

As a result, the bond revenue dependence comes to 18.7 percent of the budget, up from 11.2 percent in fiscal 1993 and the highest since 19.4 percent in fiscal 1987. The outstanding balance of bonds tops 200 trillion yen for the first time to reach about 201 trillion yen, up from an estimated 182 trillion yen for the current year.

The ministry official expressed strong concern that a further rise in the bond balance would block the core spendings, and he called for a tax reform by the year-end as the government and the ruling coalition have promised.

Fujii said the government will make efforts to repay the bonds to win public support.

The ministry also wants to return 1,544.8 billion yen borrowed from the national debt consolidation fund in fiscal 1992 to cover a revenue shortfall.

As for other spendings, the ministry earmarked 14,360.2 billion yen for debt-servicing costs, down 7.0 percent, 12,757.8 billion yen for tax allocations to local governments, down 18.3 percent, and an unchanged 1,300 billion yen for various purposes using revenues from NTT share sales.

Other ministries and agencies will now begin renegotiations with the Finance Ministry to complete a government budget bill by next Tuesday.

Business Chiefs Criticize Draft

OW1002113794 Tokyo KYODO in English 1112 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—Some Japanese business leaders Thursday [10 February] criticized the 73.08 trillion yen draft budget unveiled by the Finance Ministry.

Takeshi Nagano, president of the Japan Federation of Employers Associations (Nikkeiren), said it contains few new elements. The draft should have included more of the original policy objectives of Prime Minister Morihiro Hosokawa, especially in seeking a higher quality of living for Japanese, he said.

Nagano suggested that spending should have been expanded to reform the nation's industrial structure, such as providing appropriations for agriculture.

Masaru Hayami, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), said drastic cuts in expenditures should be sought through a complete review of outlays for individual ministries and agencies.

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, urged the government to strictly check expenditures in implementing the budget. But Inaba welcomed an increase of more than 4 percent in the proposed public works spending for its economic stimulation effects.

Draft Draws LDP, JCP Criticism

OW1002150194 Tokyo KYODO in English 1436 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—Top policy-makers of the Liberal Democratic Party (LDP) and the Japanese Communist Party (JCP) on Thursday [10 February] criticized the 73.08 trillion yen draft budget compiled and made public by the Finance Ministry.

Ryutaro Hashimoto, chairman of the LDP Policy Affairs Research Council, said the draft shows that the issue of a budget for construction of new bullet train lines and other difficult problems has been sidestepped and left unsettled. The chief LDP policy-maker said his party will press the government in the Diet to meet its budget demands.

Noriaki Sasaki, chairman of the JCP Economic Policy Committee, said it is unacceptable that the budget limits income tax cuts to one year. He said the draft shows that if income tax cuts are to be on a permanent basis, there would have to be a major raise in the consumption tax rate and such an increase is quite unacceptable.

Program Aims To Boost Economy

OW1002083594 Tokyo KYODO in English 0807 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—The Finance Ministry issued a draft fiscal investment and loan program for fiscal 1994 Thursday [10 February] that earmarks higher outlays to revive the sagging economy and upgrade living standards.

Ordinary "zaito" investment programs mainly to finance housing projects, public works and projects by government-affiliated financial institutions are allocated 39,147.9 billion yen for the year starting April 1, up 7.0 percent from the original fiscal 1993 zaito budget.

The ministry budgeted 10,186.5 billion yen for housing-related projects, an investment category believed to underpin the Japanese economy amid the long slump, up a sharp 22.6 percent. In fiscal 1993, such spending growth was set at 10.4 percent.

Outlays of 5,979.0 billion yen, up 10.1 percent, go to lending and other programs for struggling small companies, the ministry said.

It allots 7,949.4 billion yen, up 12.2 percent, to local public organizations and local public financial institutions as a way to improve livelihood-related infrastructure in regional areas.

The 7.0 percent growth in ordinary zaito programs compares with a 13.4 percent gain in fiscal 1993 and a 10.8 percent rise in fiscal 1992.

But including 994.9 billion yen in fiscal investment newly secured under the third supplementary budget for fiscal 1993, the sum will total 40,142.8 billion yen for a growth of 10 percent.

The extra budget to fund the government's record 15.25 trillion yen pump-priming package, released Tuesday, was adopted Thursday.

Next year's zaito program should have maximum effects when combined with the extra zaito program for the

current year, a ministry official told a press conference. The concept reflects the need to ensure continued budgetary implementation for 15 months from January 1994, he said.

The official said the ministry set out an economy-boosting zaito program for the fourth consecutive year.

It appropriated a 5.1 percent increase to 48,097.9 billion yen for overall zaito investment, or a sum including programs managed by the ministry's Trust Fund Bureau. The growth compares with a 12.2 percent gain in fiscal 1993.

The draft for the fiscal investment and loan program, often called the second national budget, was shown to ministries and agencies concerned after getting the cabinet's approval Thursday afternoon.

Of the housing-related budget, the ministry set aside 8,763.2 billion yen for the Housing Loan Corp., up 26.9 percent. Under this program the corporation would, for example, raise its basic lending amount for an individual home purchaser by 200,000 yen to 8 million yen.

Housing investment for fiscal 1994 accounted for the highest-ever 33.4 percent of the total ordinary zaito program, eclipsing the preceding record rate of 32.6 percent in fiscal 1991.

Loan programs for small companies include an 8.3 percent gain to 4,089 billion yen by the People's Finance Corp. and a 9.4 percent growth to 2,852.5 billion yen by the Japan Finance Corp. for small business.

The ministry earmarks 156.0 billion yen in loans to manufacturers striving to launch new businesses under restructuring efforts, up 15.6 percent.

The zaito program secured a lending quota of 620 billion yen for the Japan Development Bank for urban infrastructure improvement projects, up 9.9 percent, and a quota of 277 billion yen for the same bank for information and telecommunications infrastructure, up 20.4 percent.

Outlays of 6.5 trillion yen for local public organizations, up 14.0 percent, are intended to upgrade sewerage, disposal and health facilities.

The ministry increased by 26.0 percent to 325 billion yen the allocation for lending by the Export-Import Bank of Japan as a way to expand Japan's exports of manufactured goods.

The official said fiscal investment and loan programs for livelihood, culture and small business-related areas represented a record 72.9 percent of the total ordinary zaito program, up from last year's 68.8 percent and the previous high of 71.4 percent in fiscal 1991.

The zaito program does not include stock investment under new "shiteitan" accounts, a portfolio with no investment limits on stocks, the official said. New shiteitans were created in 1992 as a means of spurring the sluggish stock market.

Whether or not new shiteitan will be financed in the fiscal 1994 zaito has yet to be decided, the official said.

The draft is scheduled to be formalized by the government next Tuesday after negotiations between the Finance Ministry and other ministries and agencies seeking restoration of budget allocations the ministry deleted from their original requests.

Budget Negotiations Previewed

OW1002130894 Tokyo KYODO in English 1229 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—The Finance Ministry will start negotiations Friday [11 February] with other government ministries and agencies seeking a restoration of their budget requests for fiscal 1994, ministry officials said Thursday.

The Finance Ministry unveiled earlier Thursday a tightened 73.08 trillion yen draft budget for the year beginning April 1, projecting a mere 1.0 percent growth but virtually shrinking from the initial fiscal 1993 budget.

The ministry seeks to complete a government budget bill by next Tuesday following the negotiations.

The officials said the negotiations will focus on public works spending, for which 100 billion was reserved for possible reinstatement. A total of 200 billion yen was set aside for restoration in the whole budget.

The talks will also center on the defense and official development assistance (ODA) budgets, the officials said.

The proposed defense budget was up a scant 0.8 percent to mark the lowest growth in 34 years, while the ODA budget was up 4.0 percent, the lowest increase on record.

Tanaka Says Hosokawa Made Serious Mistake

OW1002125794 Tokyo KYODO in English 1216 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—Prime Minister Morihiro Hosokawa's former special adviser said Thursday [10 February] the premier made a serious mistake as a reformist in the process that led to his proposed 7 percent new indirect tax that was later revoked. Shusei Tanaka said, "Hosokawa's proposal was scrapped in a jiffy because the government skipped an important process for a reformist cabinet and only followed the pace of administrative needs."

In an interview with KYODO NEWS SERVICE, Tanaka said "the government cannot get support from people on (the tax system) unless it makes achievements in the ongoing administrative reform and rectifies the inequitable tax system."

"The premier had stressed that radical administrative reform and rectification of the inequitable tax system are prerequisites before implementing (full-scale) tax reform and he still hopes to do that," Tanaka said.

But Hosokawa's intention was not manifested and instead he pushed forward with the idea to implement income tax cuts as well as a "national welfare" tax, he said.

"The role of a reform-oriented administration is to change the outmoded social systems, that is to say, to change political, administrative and economic systems and to establish a new 'stage setting' for a new era," he said.

Tanaka stepped down as special adviser to Hosokawa on January 31 shortly after the Diet enacted a set of four political reform bills, saying his job of helping to enact political reform was done.

He is currently acting leader of Sakigake (Harbinger), a small coalition component headed by Chief Cabinet Secretary Masayoshi Takemura.

In an early morning news conference on February 3, Hosokawa unveiled a "national welfare tax," a 7 percent levy on almost all goods and services, that was to take effect in April 1997, replacing the current 3 percent consumption tax.

The new revenues were partly aimed at financing a 6 trillion yen income tax reduction.

The proposal, however, provoked fierce opposition from the leading coalition bloc, the Social Democratic Party [of Japan] (SDP) [SDSPJ], which threatened to leave the alliance unless the new tax proposal was dropped.

Hosokawa's decision to implement the tax measures was done without the consent of the SDPJ, the largest of the seven-party coalition.

The coalition parties revoked Hosokawa's proposal the following day and struck a deal to implement the 6 trillion yen tax cut in advance of formulating other measures to secure the lost revenue.

Poll: Cabinet Support Rate Drops 3.6 Points

OW1002125594 Tokyo KYODO in English 1153 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—Popular support for the cabinet of Prime Minister Morihiro Hosokawa has fallen to 59.2 percent this week from 62.8 percent in December, a KYODO NEWS SERVICE poll showed Thursday [10 February].

It was the lowest since Hosokawa formed the coalition cabinet last August.

The KYODO poll, taken Tuesday and Wednesday, also indicated that those who do not support the Hosokawa cabinet came to 29.7 percent, up 5.3 percentage points. Of those polled, 54.5 percent said they opposed the proposed "national welfare tax," which Hosokawa presented on February 3. The proposal was later revoked.

Government Decides To Issue Deficit Bonds

OW1002012794 Tokyo KYODO in English 0109 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—The Japanese Government decided Thursday [10 February] to issue 3.14 trillion yen in deficit-covering bonds in coming fiscal 1994 to finance income and other tax cuts.

The decision came in the government's budget formation policy endorsed at a morning cabinet meeting.

Bond issuance will total 13.64 trillion yen, constituting the deficit bonds and 10.50 trillion yen in construction bonds for financing public works.

Also to be issued are 2.75 trillion yen worth of government- guaranteed bonds by public corporations.

Meanwhile, the government also decided to return funds to general accounts from the debt consolidation fund in fiscal 1994 to cover a shortfall in revenue.

As for general budget policy, the government, stressing the tough budget situation, called for effective allocation to lift the economy.

"Tax revenues dropped for the second straight year in fiscal 1994, resulting in budget shortfall of some 1.5 trillion yen, and the tax revenue trend since then is expected to remain extremely tough," the policy statement said.

But Japan's economy remains "broadly sluggish" and the government must take economic management that "ensures a full-fledged recovery as early as possible in fiscal 1994 and a stable growth in and after fiscal 1995," it said.

Against this backdrop, the government is to put the emphasis "as much as possible on the economy" in the fiscal 1994 budget, fiscal investment and loans program and third fiscal 1993 extra budget.

Funds must be distributed "intensively and effectively under limited financial resources," but a "thorough review" of expenditures must be taken to limit issuance of deficit-covering bonds.

Given the government policy, the Finance Ministry is to compile and announce its draft for the fiscal 1994 budget, the fiscal program and the third extra budget in the evening.

Jan Bank Loans Grow at Record Low 0.5 Percent

OW1002122794 Tokyo KYODO in English 1151 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—Japanese banks posted a record low year-to-year growth rate in January of 0.5 percent in the average balance of lending, reflecting weak demand for funds amid the sluggish economy, the Bank of Japan said Thursday [10 February].

The balance stood at 525.4 trillion yen at the end of January, the central bank said.

The banks involved are 11 major commercial banks, 64 regional banks, 65 second-tier regional banks, three long-term credit banks and seven trusts banks.

It was the third consecutive month in which the lending growth rate has hit a new low.

Major commercial banks in particular made an effort to step up lending, said a Bank of Japan official.

"But with fund demand generally frail, there was too much competition to get a piece of the pie and the lending situation basically stayed the same," he said.

"I don't think lending will drop in the future, but it probably won't increase for a while either," he said.

The balance of lending by the major commercial banks, known as city banks in Japan, rose 0.4 percent, while that of long-term credit banks grew 0.1 percent.

Regional banks saw a 1.8 percent rise, and second-tier regional banks posted a 0.4 percent increase. But trust banks saw a decline for the fourth straight month, dropping 1.7 percent—the biggest fall on record.

Trust banks are probably suffering from the lack of popularity of their mainstay variable-interest loans whose rates are decided by the long-term prime rate, the central bank official said.

Foreign banks saw a decline for the second straight month, but the drop by 14.7 percent was smaller than the 15.5 percent decline in December.

Accord To Abolish Tax on Firms' Share Purchases

OW1002044494 Tokyo KYODO in English 0510 GMT 9 Feb 94

[Text] Tokyo, Feb. 9 KYODO—The Japanese Government and the ruling coalition have decided to abolish the current system of imposing taxes on companies buying their own shares and writing them off, officials said Wednesday [9 February].

Under the current system, a per-share capital increase resulting from a company's purchases of its own shares for write-offs is regarded as a taxable dividend.

The business community and securities companies have been calling for abolition of the tax to make it easier for companies to buy their own shares.

The officials said the system will be abolished under a fiscal 1994 tax reform program and in connection with the scheduled year-end lifting of restrictions on companies buying their own shares.

MITI's New Industrial Policy Chief Chosen

OW1002140694 Tokyo KYODO in English 1318 GMT 10 Feb 94

[Text] Tokyo, Feb. 10 KYODO—Tomio Tsutsumi, director general of the Natural Resources and Energy Agency, has been selected Industrial Policy Bureau director general at the Ministry of International Trade and Industry (MITI), ministry officials said Thursday [10 February].

Tsutsumi, chosen by Trade Minister Hiroshi Kumagai, will be appointed to the post on approval at a cabinet meeting Tuesday, the officials said.

Masahisa Naito resigned from the post in December following charges of favoritism in promoting a junior while he served as director general at the MITI minister's secretariat.

In December 1992, Naito promoted Yasufumi Tanahashi, son of a former vice trade minister, to the hurriedly created post of planning officer shortly before Tanahashi quit the ministry to run in the House of Representatives election in July 1993.

MITI Vice Minister Hideaki Kumano has been concurrently serving as the Industrial Policy Bureau chief since Naito resigned.

Ex-Shinseito Legislator Indicted on Tax Fraud

OW1002062694 Tokyo KYODO in English 0605 GMT 10 Feb 94

[Text] Nagoya, Feb. 10 KYODO—Prosecutors indicted Diet member Tadao Otani on Thursday [10 February] on a charge of helping his supporters obtain tax refunds by falsifying receipts and income reports.

Otani, 58, formerly of the ruling coalition party Shinseito and now an independent member of the House of Representatives, allegedly conspired with his former political secretary Susumu Ochiai, 51.

The indictment came after police sent their case to the Nagoya District Public Prosecutors Office earlier in the day.

The two men submitted false reports to the Aichi Prefectural Election Administration Committee, from 1990 through 1992, saying that Otani's support groups had received political donations from 72 supporters for which, according to the indictment, they issued false

receipts. Otani's supporters then claimed unlawful income tax refunds totaling 55 million yen, prosecutors said.

Otani also evaded 1.2 million yen in tax during the 1990 to 1992 period by falsely reporting that he had donated 3 million yen to one of the groups.

In a separate allegation, Ochiai submitted false reports during that same period claiming that support groups had received donations from 47 supporters to whom he issued receipts, but later refunded a total of 38 million yen, prosecutors said.

The supporters apparently each claimed tax refunds of several hundred thousand yen by reporting to tax offices false donations of 1 million yen to 1.5 million yen.

Private donations by individuals to politicians are exempt from income tax.

Prosecutors indicted Otani without arrest on charges of violating the Political Funds Control Law and the Income Tax Law. It is the first time a Diet member has been charged with such a tax refund scam, prosecutors said.

Otani has denied his involvement, stating Ochiai acted on his own discretion.

At the time of the alleged violations, Otani was an Aichi Prefectural Assembly member of the Liberal Democratic Party (LDP). Otani was elected in July last year as a lower house member of Shinseito, an LDP offshoot. He left Shinseito last month to serve as an independent member of the lower house.

Ochiai, indicted in December on charges of violating the Income Tax Law in the case, pleaded guilty in his trial last month. Ochiai was also indicted Thursday on charges of violating the Political Funds Control Law.

Mongolia

Border Agreement Signed With Russia, China

LD2701160594 Moscow ITAR-TASS in English 1458 GMT 27 Jan 94

[By ITAR-TASS correspondent Kim Boldokhonov]

[Text] Ulaanbaatar January 27 TASS—An intergovernmental agreement between Mongolia, Russia and China on the determination of junction points of state borders of the three states has been signed in the capital of Mongolia today. This was a result of joint strenuous work of experts for a year because border issues demanded urgent settlement.

The adoption of a such a document for the first time is an evidence of strengthening of mutual respect, sovereignty of each of the member states and the development of friendly relations between them, as well as the positive changes in international relations as a whole.

The conclusion of this agreement means for us that Mongolia has reached a full agreement on state border issues and thus laid the foundation of its stability, Zhalbuugiin Choinkhor, Mongolian minister of foreign relations, told ITAR-TASS.

Russia and China with respect to Mongolia demonstrated respect for such important international principles as inviolability of its state borders, its independence and territorial integrity. The historical importance of the present agreement lies just in all this, the Mongolian minister of foreign relations stressed.

Government Decides on Rapprochement With NATO

PM1002102594 Moscow IZVESTIYA in Russian 9 Feb 94 First Edition p 3

[Gennadiy Charodeyev report: "Mongolian Rapprochement With NATO. Moscow Keeps Calm"]

[Text] Vice Premier C. Purebdorj said that NATO "is not an aggressive alliance" today. In the vice premier's opinion, most speedy rapprochement with NATO "would have a positive impact on strengthening Mongolia's national security as it makes the transition to a democratic society."

C. Purebdorj told correspondents that a large group of NATO experts is due to come to Ulaanbaatar this summer for the first time "to establish contacts and hold consultations on national security questions."

In the opinion of Russian Foreign Ministry experts, the Mongolians' view of the North Atlantic bloc is by and large the result of a positive attitude to the decisions adopted at the last NATO session, in particular, the "Partnership for Peace" program. IZVESTIYA was told that diplomats in Moscow have not got a complex over this.

The European Parliament Commission recently heard a report on the situation in Mongolia advocating an exchange of representatives and the organization of dialogue with the Great Hural. The Europeans decided on the advisability of granting most-favored-nation status for imports of Mongolian goods to the West and also of concluding a partnership treaty.

We learned from diplomatic sources in Moscow that Mongolian banks have already received 8 million European Currency Units from Europe within the framework of the so-called "TACIS" economic aid program.

North Korea

Radio on Rejection of U.S. Human Rights Report

SK0902144794 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 9 Feb 94

[Text] A DPRK Foreign Ministry spokesman issued a press statement [tamhwa] on 9 February denouncing and

rejecting the U.S. State Department for recently babbling as if there were a so-called human right problem in our country.

The press statement of the DPRK Foreign Ministry:

In its Annual Report on the World Human Rights Situation published on 1 February, the U.S. State Department groundlessly slandered our country while denouncing various countries' human rights situation. The United States once against babbled as if there were a human rights problem in our country. This is a gross distortion of the reality in our country and a fabrication, which is not at all worthy of discussion.

Regarding human rights, it is sociopolitical, economic, and cultural rights—including the right to have dignity, sovereignty, existence, equality, and development [palchongwon]—which must be guaranteed to man in society. All these rights are fully ensured in our country.

Our people are genuine masters of the state and society and enjoy an independent and creative life equally without any social and political uncertainty [pulan] or any worry about their life under our socialist system centered on the popular masses. In our country there is not a single unemployed person, nor a beggar, nor a homeless person, nor an illiterate, nor a drug addict. Our country is a state where human rights are respected and surely guaranteed. This notwithstanding, the United States maliciously slandered our country. This is part of its brazen scheme to tarnish the image of our Republic with the nonsensical human rights problem as it does with our fictitious nuclear problem and to isolate and crush our socialist cause.

How on earth does the United States have the gall to criticize others on the human rights issue? At present, in the United States there are more than 1.4 million prisoners, over 9 million unemployed people, millions of homeless people [pangnangja], and 35 million people living below the poverty line [pingungson]. It is plagued with murder, which claims the lives of more than 38,000 people a year; with drug consumption, which accounts for 65 percent of the world's drug use; and with narcotic-related crimes, which are very common. This is inevitable and is an incurable cancer under the present U.S. social system. The U.S. President himself could not but admit in his State of the Union address this year the grave phenomena threatening U.S. society, including violent crime.

We see almost every day that the United States not only harshly [hoksimhage] tramples upon the human rights of its people, but also perpetrates inhumane acts of high-handedly interfering in the internal affairs of other countries, openly overthrowing and destroying sovereign states with the mobilization of its state Armed Forces, and reeking havoc [hwangpyehwa] on their people's human rights.

All these facts prove that the United States is the universally recognized worst barren land [pulmoji] of human rights and the kingdom of human rights infringement. It is unreasonable for the United States to talk about other's human rights situation, while freely violating human rights within and without.

In its Report on the Human Rights Situation, the U.S. State Department tried to beautify South Korea in a farfetched way, claiming that the situation of human rights has been improved there. This is also the height of sarcasm [igot yoksi kagwani anilsuopta]. It is well-known that South Korea is the most barren land of human rights.

The South Korean authorities under the mask of civilian government are more frantically kicking up rackets of terrorism, arrest, torture, and murder while further adhering to the National Security Law and other fascist laws and repressive tools than the preceding military dictators. The cases of infringing upon human rights by the occupying U.S. forces in South Korea are countless.

Regarding the present South Korean situation in which human rights infringements have reached extremes, the United States dares argue that the human rights situation has improved there. This is really a brazen-faced deception.

We sternly denounce and reject the unreasonable activity of the United States, which slanders our Republic while talking about fictitious human rights problems, as the sovereign infringement activity proceeding from a political purpose to crush our system and as a hostile activity of intervening in internal affairs. Whatever ruckus the United States may raise over the human rights problem, it can never impair the essential advantages and invincible vitality of socialism of our style to which the chuche idea is applied.

The United States should mind its own business instead of criticizing at will other nations and instructing them, while acting as if it were a judge of human rights whom nobody recognizes.

Radio Denounces 'Anti-Dialogue' South Regime

SK1002120894 Pyongyang Korean Central Broadcasting Network in Korean 0832 GMT 7 Feb 94

[Unattributed talk: "Anti-dialogue, Antireunification Confrontation Commotions Are Being Perpetrated More Viciously"]

[Text] With the beginning of the new year, the Kim Yong-sam group's anti-dialogue and antireunification confrontation commotions have been perpetrated more viciously.

As was already reported, the South Korean ruling bunch blocked the visit to Seoul by our side's delegation of condolence to attend the funeral service for Rev. Mun Ik-hwan. In addition, it frustrated the Panmunjom contact between the Chondoist delegates of the North and the South to jointly commemorate the 100th anniversary

of the Kabo farmers war, thus blocking the joint commemoration of the anniversary by the North and the South.

On 17 January, the South Korean ruling bunch arrested and imprisoned in the fascist prison Ho Hyun-chong, senior in Chonbuk University in South Korea, on the charge of violation of the notorious National Security Law, claiming that he had dialogue through international telephone line with the delegates of the North during the first conference of joint chairmen of the National Alliance of Youth and Students for National Reunification [Pomchonghangnyon] last year in the capacity of South side's vice chairman of Pomchonghangnyon.

Some time ago, the puppet district court in Kwangju staged a court trial for five Chonnam University students who studied and researched the immortal chuche idea, and sentenced all of them to prison terms.

The North-South confrontation commotions and cruel oppression of democratic reunification forces which have been perpetrated by the Kim Yong-sam group more viciously with the beginning of the new year fully revealed its antinational and antireunification traitorous color.

By blocking our side's delegation of condolence which wanted to visit Seoul to attend the funeral ceremony of Rev. Mun Ik-hwan, the Kim Yong-sam group exposed itself as the group of peerless traitors and separatists who totally discarded conscience and essential etiquette and morality as a human being, being engrossed with commotions on division and confrontation.

Besides, the Kim Yong-sam group blocked the joint commemoration of the events marking the 100th anniversary of Kabo farmers war, which was carried out to safeguard the national spirit under the ideal of rejecting foreign aggressors and promoting the people's welfare by defending the country. Thus, the Kim Yong-sam group showed its true color as the group of antinational ill-bred hooligans who disgraced our forefathers.

Those who cruelly oppressed the innocent youth, students and people, who called for national reunification, at the point of guns and bayonets cannot have any intent for reunification.

The puppets are, in actuality, running wild in an attempt to crush us in collusion with outside forces on a pretext of suspicion of nuclear arms development by the North. They are trying to stage large-scale exercise of a northward war of aggression, including the Team Spirit joint military exercise, together with outside forces, thus aggravating tension of the nation to an extreme pitch. They are bringing dark clouds of nuclear war over the heads of fellow countrymen and viciously maneuvering to realize the international cooperation system and so-called sanctions against us by clinging to sleeves of outside forces.

They even opened rice markets in South Korea in an attempt to block third round of DPRK-U.S. talks. Moreover, they begged outside forces to set up an international cooperation system in an attempt to oppose our package solution plan for the resolution of the nuclear problem.

The vicious maneuvers of the Kim Yong-sam group to aggravate North-South relations and to block the road to reunification evoked indignation of fellow countrymen who want reunification.

It is unanimous intent of the South Korean people that the Kim Yong-sm separatist regime must be overthrown in order to achieve national reconciliation, unity and reunification that all fellow countrymen are aspiring to.

The South Korean people, who cannot live without reunification, absolutely will not tolerate the Kim Yong-sam group, the most vicious enemy of reunification who is frantically running amok to block the national reunification under the veil of civilian government.

Kim Yong-sam Denounced for Opening Rice Market

SK1002053894 Pyongyang KCNA in English 0528 GMT 10 Feb 94

["Traitor Must Be Punished"—KCNA headline]

[Text] Pyongyang, February 10 (KCNA)—The traitor Kim Yong-sam and "chairman" of the "Democratic Liberal Party (DLP)" Kim Chong-pil recently contented that re-negotiation on the matter of rice market opening is impossible and the struggle of peasants and other people against the opening of the rice market is an act "of those ignorant of the world". Commenting on this NODONG SINMUN today says: This indicates that the most despicable traitors are racing headlong along the road of treacheries after committing a heinous crime never to be condoned.

The news analyst says:

The traitor Kim Yong-sam promised the opening of the rice market in exchange for "an international cooperation system" directed against the North. This is an unpardonable treachery to strangle the South Korean peasants inside and slay the fellow countrymen in the North with the sword of foreign forces outside. The peasants and other people of South Korea have been driven to the wall where they must decide whether to calmly wait for death by allowing the influx of foreign farm products or to survive by rising up in a fight against it.

If the rice, the blood and flesh of the fellow countrymen, is to be defended, the Kim Yong-sam treacherous regime which has flung open the gate of the rice market must be overthrown. The South Korean people of all strata who value the existence of the nation and want to live with

patriotic minds should unite and form one front, intensify the struggle to topple the Kim Yong-sam traitor clique and completely remove the cursed fascist treacherous regime.

A stick is fit for a mad dog. A sledge hammer must be brought down on the head of the traitor Kim Yong-sam who is steeped in treacheries and fascist repression.

Radio Cites Daily on Remarks by Japan's Ozawa

SK0902145894 Pyongyang Korean Central Broadcasting Network in Korean 0934 GMT 9 Feb 94

[NODONG SINMUN 9 February commentary: "Impudent Outbursts for Aggression"]

[Text] The Japanese reactionaries, who have adhered to the hostile policy against our Republic, are openly revealing their ambition for reaggression on the Korean peninsula. Ichiro Ozawa, representative of the Japan Renewal Party, who is known to be a behind-the-scenes coordinator of the Japanese coalition government, raved in an interview with Japanese FUJI Television on 6 February, which will serve as actual evidence. While saying that our Republic might take military action, he stressed that Japan should examine countermeasures to cope with an emergency situation on the Korean peninsula.

In addition, he did not hesitate to utter outbursts slandering our system. Ozawa's utterances are an impudent challenge to our Republic's dignity and authority and a dangerous aggressive outburst that betrays the heinous intention of the Japanese reactionaries by playing the role of a shock brigade for the imperialists in isolating and crushing our socialism. In addition, his utterances are premeditated strategic moves to find a pretext for reinforcement of the Japanese Armed Forces, the conversion of Japan into a military power, and the promotion of nuclear armament in particular.

Now, going against the global trends of disarmament and detente since the Cold War collapsed, Japan has increased military expenditures and has taken to the road to convert Japan into a military power. The Japanese people raise their voices against such a plan. The Japanese reactionaries, by kicking up further clamorous commotions about our threat, are trying to influence social opinion into supporting the conversion of Japan into a military power and its nuclear armament.

Ozawa talked about our military action. This can be termed a shock propaganda [chunggyok sonjon] to accomplish their purpose. However clamorously Ozawa may make jargon about our threat, the people who judge things correctly will not believe the jargon.

The Japanese moves to become a military power and attain nuclear armament, in particular, give rise to the serious apprehension of the Asian people and the people of the world.

Sam Nunn, chairman of the U.S. Senate Armed Forces Committee, said that Japan can develop nuclear weapons at any moment. The British paper, SUNDAY TIMES, reported that Japan might have already produced atomic bombs. The world believes that Japan, with its huge stockpile of plutonium, can become a nuclear power in a short time, if it decides to.

Japan has already opened the way for dispatching troops overseas. Japan is going to embark upon reinvasion of Asia, with Korea as the first target. It is Ozawa who claimed that if a war breaks out on the Korean peninsula, the Japanese Self-Defense Forces should be sent there as a member of the UN forces.

Ozawa's call for examining countermeasures to cope with the event of an emergency on the Korean peninsula revealed Japan's intention to complete preparations for aggression on Korea and expedite the date of military action. Ozawa's outbursts are graver, because the United States and the South Korean puppets are babbling about our threat and strengthening the moves for a northward invasion.

The Japanese reactionaries' belligerent utterances and movements show that Japan has become a hotbed of dangerous aggression and nuclear war. Thus the world people should enhance vigilance against this. Our people will never allow anyone to infringe upon the dignity and sovereignty of our Republic and hurl mud at our socialism.

The Japanese reactionaries must act with discretion, mindful that the conversion of Japan into a military power, its nuclear armament, and a war of aggression would lead them to destruction.

Radio Accuses Japanese Party Leader of Slander

SK1002150294 Pyongyang Korean Central Broadcasting Network in Korean 1150 GMT 9 Feb 94

[Commentary by Yun Pyong-son: "Vicious Propaganda Aimed at Justifying Nuclear Armament and Overseas Aggression"]

[Text] In an interview with Fuji Television on 6 February, Ichiro Ozawa, representative of the Japan Renewal Party, made absurd remarks libeling and slandering our Republic. He talked about our Republic's nuclear armament, and stressed that Japan must examine countermeasures to cope with an emergency situation on the Korean peninsula, saying that if North Korea takes a military action, it is a big problem.

We can never overlook the fact that this fellow, who is known as an influential person in Japanese political circles, has created a spirit of hostility against us, thus libeling us.

The absurd remarks by Ozawa are an open challenge to our Republic's dignity and authority and, also, show as it

is the indiscriminative madness of the Japanese reactionaries who suffer pains because they cannot crush [apsal] our Republic, thus being frightened at the might and invincibility of the popular mass- centered socialism of our country.

Why he made such remarks by picking a quarrel with us is not because Japan is actually threatened by someone. Even Yohei Kono, president of the Japanese Liberal Democratic Party, has denounced him, saying that his remarks are intended to agitate the people by striking terror into their hearts. The Japanese reactionaries' systemized bad habit are to achieve their heinous goal by persistently sticking to their insistence.

Through a shock and strategic propaganda against the so-called threat from North Korea, Ozawa has tried to make an excuse for the Japanese arms build-up, in particular, for the acceleration of its nuclear armament and has also attempted to lead the Japanese public opinion to justify its goal.

It is well known that Japan's nuclear armament has already been in the level of danger. Japan has largely accumulated plutonium to use for the manufacture of nuclear weapons and has continued to increase its nuclear reprocessing capacity.

The Swedish paper SVENSKA DAGBLADET has recently reported that Japan possesses everything—such as plutonium, an electronic explosion device, and technicians—capable of immediately producing nuclear weapons, and that it has already produced nuclear warheads which can be operated when they are filled with plutonium as much as they need.

Even the recent papers of the United States, Denmark, and Finland reported that based on their documents, the British Defense Ministry and U.S. Central Intelligence Agency have proven that Japan actually possesses nuclear weapons. Japan's nuclear armament and its goal to become a military power, which are earnestly pushing ahead with, gravely pose a threat to peace and security in the Northeast Asia, including the Korean peninsula. Nevertheless, they are talking about a threat from someone. These are preposterous remarks.

What we cannot overlook is, particularly, the fact that Ozawa has openly claimed that Japan must examine countermeasures to cope with the emergency situation on the Korean peninsula. When we remind of his previous remarks that if a war breaks out on the Korean peninsula, the Japanese Self-Defense Forces must be sent there as a member of the UN forces, it is very clear what his real intention is. This means that Japan must prepare for taking military action on the presumption that it should participate in a war in case it breaks out on Korea.

Availing themselves of this opportunity in which the great powers' positions have been reduced after the Cold War ends, the Japanese rulers attempt to achieve their domination-oriented goal by militarily advancing in the Asia-Pacific region. As the first target of their overseas military invasion, they have selected Korea. It is clear that to make an excuse for their aggressive military action, they pick a quarrel with us by saying that we can take military action. This is an act similar to a thief shouting "stop thief."

We cannot but be alert to the reckless remarks and acts of Japanese reactionaries, who are unsteady in their mind because of their ambitions for nuclear armament and reinvasion. Our people will never allow anyone to infringe upon the dignity and sovereignty of our Republic. They will resolutely confront aggressors.

The Japanese reactionaries must know the consequences arising from their reckless act and act with discretion.

Chongnyon Leader Condemns Remarks by Ozawa

SK1002050294 Pyongyang KCNA in English 0438 GMT 10 Feb 94

[Text] Tokyo, February 8 (KNS-KCNA) [dateline as received]—Paek Han-ki, vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), issued a statement on February 8 denouncing Ichiro Ozawa, representative of the Japan Renewal Party, who took issue with the DPRK by raising outcries over its "completion of nuclear arms development" and "nuclear armament."

Condemning Ozawa's outburst as an unpardonable insult and challenge to the Korean people, he in the statement said:

"We demand that Ozawa immediately withdraw and apologize for his grave remarks that insulted the DPRK and the Korean people and threatened peace and security on the Korean peninsula.

"We hope conscientious politicians including those of the ruling party and broad Japanese people will not overlook Ozawa's remarks but make efforts to get the Japanese authorities' Korea policy rectified.

"The Korean citizens in Japan will in the future, too, develop friendly relations with the Japanese people on the basis of the idea of independence, friendship and peace."

Paper Says Japan Moving To Become Nuclear Power

SK1002044994 Pyongyang KCNA in English 0435 GMT 10 Feb 94

["MINJU CHOSON on Japan's Nuclear Armament Scheme"—KCNA headline]

[Text] Pyongyang, February 10 (KCNA)—Japan is going to put into operation Monju, the first fast breeder reactor, in a short time while shipping in large quantities of plutonium from other countries. Commenting on this,

MINJU CHOSON today denounces this as an undisguised move to become a nuclear power any moment.

The analyst points out:

Japan has already developed not only devices and technologies for the manufacture of nuclear bombs but also long-distance nuclear delivery means. The danger of Japan's nuclear armament presents itself as a thing of the present-day reality, not of a distant future. Japan's nuclear armament poses a grave threat to peace and security on the Korean peninsula and in Northeast Asia and, further, in the rest of the world. We cannot but counter with vigilance the grave situation in which Japan's nuclear armament is being promoted in the full-scale stage around the Korean peninsula. As we have declared more than once, our people who value the dignity and independence of the nation as their own life are fully prepared to retaliate on any manoeuvrings of the aggressors.

If nuclear-free peace and security is to be actually guaranteed in Northeast Asia including the Korean peninsula, the overall denuclearization of this region must be achieved. For this purpose, the people of Asia and the rest of the world should pay due attention to Japan's hastened nuclear armament.

The denuclearisation of Northeast Asia must be realised without fail and it should lead to the total abolition of nuclear weapons worldwide.

New Kim Chong-il Study Council Inaugurated

SK1002004094 Pyongyang KCNA in English 2246 GMT 9 Feb 94

[Text] Pyongyang, February 9 (KCNA)—The dear leader Comrade Kim Chong-il received a letter on February 5 from the participants in the inaugural meeting of the Liaison Council of Japanese Societies for the Study of the Works of Kim Chong-il.

The letter informs him that the Liaison Council of Japanese Societies for the Study of the Works of Kim Chong-il was formed following the inauguration of the first society for the study of works named after the august name of Comrade Kim Chong-il in Tokyo in March last year.

Noting that mankind was, at last, able to vigorously advance the era of independence thanks to the chuche idea founded by President Kim Il-song, the letter says:

"Your excellency enjoys warm support from the world people as a leader guiding the people's cause of independence to victory by carrying forward and further developing the revolutionary cause of President Kim Il-song.

"Convinced that to follow the ideology and theory advanced by your excellency is to open the history of shaping a new era, confidently looking ahead to the 21st century, we declared here today the inauguration of the Liaison Council of Japanese Societies for the Study of the Works of Kim Chong-il.

"The process of inauguration of the Liaison Council of Japanese Societies for the Study of the Works of Kim Chong-il was a process in which the relations of the popular masses cooperating with each other and linked by love and trust were expanding throughout the society.

"We once again extend heartfelt thanks to Your Excellency Kim Chong-il for providing an ideological and theoretical guideline for the inauguration of the Liaison Council of Japanese Societies for the Study of the Works of Kim Chong-il."

Noting with great pleasure that the inauguration of the Liaison Council of Japanese Societies for the Study of the Works of Kim Chong-il has become a priceless present on the occasion of the 52nd birthday of Comrade Kim Chong-il, the letter sincerely wishes him a long life in good health.

Further on Inaugural Meeting

SK1002052994 Pyongyang KCNA in English 0459 GMT 10 Feb 94

[Text] Osaka, February 7 (KNS-KCNA) [dateline as received]—The Japan Liaison Council of Societies for the Study of the Works of Kim Chong-il was formed.

It is a national organization of societies and groups which had been formed throughout Japan since the appearance of the society and group for the study of the works of Kim Chong-il in Tokyo in March last year.

The inaugural meeting of the council took place in Osaka on February 5.

Present there were chairmen and members of the societies and groups from different parts of Japan and Japanese people, more than 390 in all.

Kenichi Ogami, secretary general of the International Institute of the Chuche Idea (IIJI) and advisor of the council, made an opening address, which was followed by speeches of director general of the IIJI Shuhachi Inoue and Director General of the Centre of Socialist Theories and Politics Oen Araki and a congratulatory speech of first vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), Yi Chin-gyu.

Prof. Takao Kamakura of Saitama University who is chief advisor of the council made a keynote report at the meeting.

Stating that the council was being formed on the basis of the activities to study and disseminate the chuche idea, in keeping with the new requirements of the time, he said:

"Our primary task is to learn from the idea, theories and methods of Secretary Kim Chong-il through the study of his works.

"Firstly, Secretary Kim Chong-il has faithfully and correctly inherited the theoretical and practical activities of President Kim Il-song and further developed in depth the theoretical and practical matters concerning the revolution and construction in compliance with the new requirements of the internal and external situation.

"He is the successor to the revolutionary cause of President Kim Il-song, who has carried it forward most correctly and the leader of the era of independence.

"Secondly, Secretary Kim Chong-il formulated the president's revolutionary idea as Kimilsongism, an integral system of idea, theories and methods based on the philosophical principle of chuche."

Referring to the theoretical activities of Secretary Kim Chong-il, the reporter said:

"He said modern imperialism employs a very crafty method of domination and plunder and its aggressive nature remains unchanged. He clarified the reason for the collapse of socialism in former Soviet Union and eastern European countries and theorized the principles of anthropocentric socialism and communism based on the chuche idea.

"He has inherited the revolutionary mass line of President Kim Il-song, who has established the method of leadership for enhancing the ideological consciousness of the masses and guiding them to display their independence and creativity under the leadership of the party, and has carried it into practice.

"Secretary Kim Chong-il, true to the teachings of the president calling for believing in the people as in heaven and respecting the people as the teacher and learning from them, has served the people, regarding them as the greatest beings."

The meeting also heard a report of the secretariat of the council on the course of its inauguration and the characteristics and activities of the societies and the council.

Read at the meeting was a declaration on the inauguration of the council.

A letter to Comrade Kim Chong-il was adopted at the meeting.

Earlier, conferences of societies for the study of the works of Kim Chong-il were held in local areas. The statute of the council and a declaration on its inauguration were adopted and its officials were selected there.

A banquet was arranged on the evening of February 5 in celebration of the 52nd birthday of Comrade Kim Chong-il.

Council Adopts Declaration

SK1002051294 Pyongyang KCNA in English 0448 GMT 10 Feb 94

[Text] Osaka, February 7 (KNS-KCNA) [dateline as received]—An inaugural declaration was adopted at the inaugural meeting of the Japan Liaison Council of Societies for the Study of the Works of Kim Chong-il which took place here on February 5.

The aim of the study societies is to learn from Secretary Kim Chong-il and disseminate and study his works, the declaration said, adding that their formation means signalling the advent of a new era which is guided by his idea and theory.

It declared that the process of activities of the societies for the study of Kim Chong-il's works would be a process in which independence of man would be held dearest, people would cooperate with each other and unity based on love and trust be expanded throughout society.

It is none other than Secretary Kim Chong-il who fully inherited and developed the revolutionary cause of chuche and opened a new horizon of revolutionary struggle, the declaration said, and went on:

Secretary Kim Chong-il is an illustrious leader who has faithfully carried forward and developed the leadership and exploits of President Kim Il-song.

He defined the revolutionary idea of President Kim Il-song as Kimilsongism, an integral system of ideology, theory and methodology based on the philosophical principle of chuche.

Drawing himself on the inheritance of the revolutionary idea of President Kim Il-song, he has further enriched the ideological and theoretical content of the chuche idea in compliance with the requirements of the present times and the new stage of development of the revolution.

One of the great exploits of secretary Kim Chong-il, the leader of the Korean revolution, is that he has strengthened the politico- ideological unity and cohesion of the masses of people and brought their creative ingenuity into full play by strengthening the party and enhancing its leadership role.

Inheriting President Kim Il-song's politics of love and trust in comrades and the people, Secretary Kim Chong-il loves the revolutionary forerunners, comrades and people and shapes politics of love and trust throughout society.

As it is the maxim of President Kim Il-song that one should believe in the people as in heaven, so Secretary Kim Chong-il regards the people as the greatest beings and takes it as his creed to respect and regard them as heaven.

The societies for the study of works, putting main emphasis on activities for the study and dissemination of the works of Secretary Kim Chong-il in keeping with

their nature and tasks as academic study organizations, will conduct activities such as lectures and organization of seminars on his works, invitation of delegations and dispatch of visiting groups to Korea and periodic publication of information.

They will build themselves into groups which will be the first to personify the looks of an ideal society, the everlasting future of mankind, in which the masses of people are welded together by love and trust, and foster their socio-political organism, the seed of love and trust of the collective, within them. And the societies for learning from Secretary Kim Chong-il in different areas will keep in contact and cooperate with each other, share the same mind, demonstrate their advantages to many people and thus rally them in the societies.

The declaration called for forcefully advancing, upholding the idea and theory of Secretary Kim Chong-il, with the pride of walking together with broad sections of people a road where a new prospect is visible.

Koreans in Japan Rights Group Writes Kim Il-song

SK1002001094 Pyongyang KCNA in English 2221 GMT 9 Feb 94

[Text] Tokyo, February 7 (KNS-KCNA) [dateline as received]—A letter to the great leader Generalisimo Kim Il-song was adopted on February 5 at the inaugural meeting of the Human Rights Association of Koreans in Japan.

The letter says:

The inauguration of the association is an epoch-making event in guiding the Korean qualified persons and researchers of the problem of rights to uphold the great leader Generalissimo Kim Il-song and the dear leader Comrade Kim Chong-il with loyal hearts and defend and glorify the socialist homeland of chuche centring on the popular masses and to defend and expand the rights and life of the compatriots in Japan with their special knowledge of law and economics and technique pooled together.

The letter says:

"You and the dear leader have always wisely led us Koreans in Japan to defend national dignity and rights as dignified overseas citizens of a sovereign state and shown compatriotic love and care for us through state policies. So we have won legal professions in Japan and conducted legitimate activities in special domains.

"We will firmly unite the Korean qualified persons and researchers around you and the dear leader to actively contribute to the prosperity of the socialist homeland of chuche and acceleration of the independent and peaceful reunification of the country.

"And we will strengthen and develop friendship with the Japanese people and the world peaceloving people who respect human rights and peace and vigorously arouse their support to our struggle for defending the rights of the Koreans in Japan."

The letter expresses the resolution of the participants of the meeting to repay the great love and expectation of the great leader and the dear leader with loyalty by fulfilling their honorable tasks in a responsible manner with the inauguration of the association.

Koreans in Japan Demand End to 'Team Spirit'

SK1002001594 Pyongyang KCNA in English 2234 GMT 9 Feb 94

[Text] Pyongyang, February 9 (KCNA)—MINJOK SIBO, a newspaper of Koreans published in Japan, February 1 in an article strongly demanded the United States and the South Korean authorities officially announce that they would discontinue the "Team Spirit" war maneuvers and all other military exercises.

Noting with resentment that the United States and the South Korean puppet authorities are scheming to hold new large-scale military exercises integrating "Ulchi" and "Focus Lens" joint military exercises, the paper said this is a grave challenge to peace and reconciliation.

It warned that if the United States and the South Korean authorities continued to cling to war maneuvers, they would be held wholly responsible for all consequences arising therefrom.

Kim Il-song Sends Message to President of Iran

SK1002104894 Pyongyang KCNA in English 1013 GMT 10 Feb 94

[Text] Pyongyang, February 10 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea on February 10 sent a message of greetings to 'Ali Akbar Hashemi-Rafsanjani, president of the Islamic Republic of Iran, warmly congratulating him on the 15th anniversary of victory of the Islamic revolution in Iran.

The message said that the victory of the Islamic revolution in Iran was a historical event of great significance in the life of the Iranian people.

Expressing firm solidarity with the Iranian people in their struggle to accelerate the reconstruction of the country and defend peace and security in the Persian Gulf area, the message wished the Iranian president and people greater successes in the future work.

It expressed the belief that the excellent friendly and cooperative relations forged between the two countries in the struggle for independence against imperialism will grow stronger and develop.

Gathering Marks Anniversary

SK1002053494 Pyongyang KCNA in English 0501 GMT 10 Feb 94

[Text] Pyongyang, February 10 (KCNA)—The Committee for Cultural Relations with Foreign Countries and the Korea-Iran Friendship Association cosponsored a friendship gathering at the Pyongyang International House of Culture on February 9 on the occasion of the 15th anniversary of the victory of the Islamic revolution in Iran.

Present there were Chong Ha-chol, chairman of the DPRK Radio and TV Broadcasting Committee and chairman of the Korea-Iran Friendship Association; Chon Yon-ok, Vice-chairwoman of the Committee for Cultural Relations with Foreign Countries; and other officials concerned.

Charge d'Affaires ad interim of the Iranian Embassy here Saeed Lashgari and his embassy officials were invited to the gathering.

The participants had a conversation in a friendly atmosphere and saw Korean and Iranian movies.

Then, an art performance was given by school children.

Cuban Ambassador Visits Kimchongilia Greenhouse

SK1002060294 Pyongyang KCNA in English 0515 GMT 10 Feb 94

[Text] Pyongyang, February 10 (KCNA)—Cuban Ambassador to Korea Juan Jose Leon Vega and his embassy officials visited the Kimchongilia Greenhouse Wednesday on the threshold of the auspicious February holiday.

After going round the greenhouse, the ambassador said he was very pleased to visit it on the occasion of the birthday of the dear leader Comrade Kim Chong-il and the Cuban people regarded his birthday as an auspicious holiday as the Korean people do.

He stressed that it is an expression of respect and reverence of the world people for the dear leader that Kimchongilia has found its way into more than 50 countries since it made its appearance.

The visitors worked at the greenhouse.

Kim Il-song, Kim Chong-il Biographies Praised

SK0902235994 Pyongyang KCNA in English 1524 GMT 9 Feb 94

[Text] Pyongyang, February 9 (KCNA)—The brief biographies of the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il have evoked lively responses worldwide.

In 1993 alone, they were reported by newspapers, news agencies and radios in scores of countries including India, France, Poland, Burundi and Nepal.

Foreign publications including the Afghan paper ANIS, the Jordanian paper AL CHAAB, the Egyptian paper EL MASSA and the Peruvian paper EXPRESO carried the full texts of the brief biographies, and radios and televisions of many countries including Pakistan, Lebanon, Italy and Nicaragua reported their brief biographies at a time drawing a largest number of viewers.

Press media said the brief biographies of President Kim Il-song and Comrade Kim Chong-il are chronicles of the greatest leaders and must books for politicians in the present period.

Seminars, lectures, reading, explanatory and other meetings on the brief biographies were held by chuche idea study groups and organizations for friendship and solidarity in Madagascar, Tanzania, Guyana, Uganda and other countries.

Last year the brief biographies in nine languages were widely disseminated among figures of broad strata in some 80 countries including the Zimbabwean, Iranian and Burkinabe presidents and prime ministers.

The Nigerian head of state who is concurrently commander-in-chief of Armed Forces and political, public, academic and press figures of different countries, upon reading the brief biography of President Kim Il-song, highly praised him as a great thinker and theoretician who founded the immortal chuche idea, as a legendary hero, a distinguished leader of the present era and a veteran leader of the international communist movement.

After reading the brief biography of Comrade Kim Chong-il the general secretary of the People's Unity Party (Unionist) of Jordan and other figures of various countries highly lauded him as a great man of the century, a genius of creation and construction, the great sun with the noblest human love and ever-victorious iron-willed brilliant commander.

Kim Chong-il's Birthday Celebrated Abroad

SK1002002594 Pyongyang KCNA in English 2232 GMT 9 Feb 94

[Text] Pyongyang, February 9 (KCNA)—The birthday of the dear leader Comrade Kim Chong-il is being celebrated in many countries.

A celebration meeting was held in Lagos on February 3 under the cosponsorship of the Nigeria-the Democratic People's Republic of Korea Friendship Association and the Nigerian Committee For Supporting the Peaceful Reunification of Korea.

Chairman of the Friendship Association, Yemi, Oyeneye, in his report said that the birth of the dear leader Comrade Kim Chong-il, an outstanding thinker and

theoretician and a tender-hearted teacher of the world's revolutionary people, was a great sunrise illuminating the future of Korea.

He enjoys deepest respect and reverence not only of the Korean people but also of the progressive people of the world for the undying exploits he has performed for the human cause of independence, the reporter said, and stressed:

"The world people highly praise the dear leader Comrade Kim Chong-il as the greatest of the great men of the century and the sun of mankind."

A celebrating meeting was held in Dani Province, Togo, on February 1.

Korean film shows and photo exhibitions were held at the Malagasy parliament, in Lome of Togo, Sikasso of Mali and by the Sikasso City committee of the African Party for the Solidarity and Justice of Mali.

The Zimbabwean paper STAR January 28 carried the gist of dear Comrade Kim Chong-il's work "Our Socialism Centred on the Masses Shall Not Perish" and an article titled "The Korean People Are Celebrating the Birthday of Their Leader, Full of Self-confidence".

His Excellency Kim Chong-il has devoted his all to bringing the advantages and vitality of Korean-style socialism into fuller play and made an active contribution to strengthening and developing the Non-aligned Movement in conformity with the demand of the world people fighting for the building of a new independent world and promoting friendly and cooperative relations with the peoples of all countries, the paper stressed.

The Peru-Korea Institute of Culture and Friendship published a special issue of its bulletin on January 31.

National Symposium on Chuche Proclamation Ends

SK1002055994 Pyongyang KCNA in English 0513 GMT 10 Feb 94

[Text] Pyongyang, February 10 (KCNA)—The national symposium marking the 20th anniversary of the proclamation of the programme for modelling the whole society on the chuche idea which opened here on February 8 closed Wednesday.

Speeches were made on the 8th and 9th by twenty persons including corresponding member of the academy, Prof. and Dr. Kim Chol-sik, first vice-president of the Academy of Social Sciences; Prof. Chong Tong-uk, president of the University of International Affairs; Choe Yong-kun, secretary of the North Hwanghae provincial committee of the Workers' Party of Korea; Prof. Yi Su-kun, Vice-president of Kim Il-song Higher Party School; Tong Kun-hun, first deputy curator of the Korean Revolution Museum; Prof. and Dr. Ho Yong-se, vice- president of the Political University of the Ministry of Public Security; Choe Yong-hwa, first vice-chairman of the Central Committee of the General Federation of the Unions of Literature and Art of Korea; Prof. and Dr. Yi Nung-hun, vice-president of Kim Il-song Political University; and Dr. Yi Sang-kol, deputy general director and chief editor of the Workers' Party of Korea publishing house.

The speakers profoundly explained the wise leadership and feats of the dear leader Comrade Kim Chong-il, who has put forward unique policies and vigorously guided the efforts for implementing the programme for modelling the whole society on the chuche idea with distinguished intelligence and outstanding ideological and theoretical activities.

They fully proved that it is a definite guarantee of the victory in the revolution and construction in our age to thoroughly embody the revolutionary idea of the dear leader which was systematized in an integral way with the revolutionary outlook on the leader as its foundation, putting the popular masses in the centre.

They said the Korean people have foiled the malicious challenge of the imperialists and the reactionaries and defended and further glorified Korean-style socialism centred on the popular masses, closely united around the party and the leader, true to the idea and guidance of the dear leader, who is taking the lead in the cause of modelling the whole society on the chuche idea.

They stressed that remaining faithful to the idea and guidance of the dear leader is the decisive guarantee for triumphantly advancing the popular masses' cause of independence, the cause of socialism.

A letter to Comrade Kim Chong-il was adopted at the symposium.

South Korea

Kim Il-song Reportedly Asks for U.S. Relations

SK0902231494 Seoul KBS-1 Radio Network in Korean 2203 GMT 9 Feb 94

[By Chi Chong-hak from Paris]

[Text] France's LE FIGARO reported yesterday that North Korea proposed the establishment of diplomatic relations with the United States as a condition for abandoning its nuclear weapons development. The paper reported that North Korean President Kim Il-song said this in his letter to U.S. President Clinton, and that President Kim Il-song also expressed his intention to continue developing nuclear weapons if the condition is not met.

Iran Envoy Stresses Expansion of Economic Ties

SK1002040494 Seoul TONG-A ILBO in Korean 9 Feb 94 p 6

[Report on interview with Zabihollah Now-Forsati, Iranian ambassador to the ROK, by reporter Pak Kyong-a; place and date not given]

[Text] On the occasion of the 15th anniversary of the Islamic revolution on 11 February, Zabihollah Now-Forsati (45), Iranian ambassador to the ROK, stressed the need to expand economic exchanges with the ROK. He said, "in the wake of the 15th anniversary of the Islamic revolution, Iran is faced with the task of revitalizing its economy. The ROK is a very suitable economic partner that Iran presently needs."

The Islamic government was established in Iran after the Islamic revolutionary forces led by late Ayatollah Khomeini overthrew the Pahlavi Dynasty in 1979. Iran has been suffering economic difficulties that increased with the aftermath of the eight-year-long war with Iraq and last year's drop in oil prices.

[Pak Kyong-a] Relations between the ROK and Iran were estranged for a short time after the Islamic revolution....
[Zabihollah Now-Forsati] Iran and the ROK established diplomatic relations in 1962. Their relations became estranged to such an extent that the ambassadorship was downgraded to the level of charge d'affairs in 1981 when the war was going on between Iran and Iraq. Their relations, however, have been normalized since 1989. At present, Iran's trust in the ROK people is so high that the Iranian Embassy here issues visas to ROK people within only 24 hours.

[Pak] What is the reason for the increased trust in the ROK people?
[Now-Forsati] A number of foreign enterprises left Iran in succession during its past war with Iraq. However, ROK enterprises remained in Iran and kept their working sites even at the risk of death and wounds. The Iranian people never forget the favor they receive from others.

[Pak] What do you think is the reason that the ROK should attach importance to expanding economic cooperation with Iran?
[Now-Forsati] First, Iran, with a population of 60 million, is an excellent market for various kinds of consumer goods. Moreover, Iran founded an organization for economic cooperation with central Asian countries that separated from the former Soviet Union and became independent states. Iran is leading this organization. Therefore, the ROK can have easy access to the central Asian markets with Iran as a stepping-stone. Second, the ROK can secure the source of stable oil supply based on amicable relations with Iran. Third, only Iran has become the nation where rich experiences of the ROK enterprises can be put to practical use in the Middle East.

[Pak] What is the degree of Iran's present economic exchange with the ROK?
[Now-Forsati] The volume of annual trade between Iran and the ROK reaches $2 billion. ROK enterprises, including Daewoo, Daelim, Samsung, Ssangyong, Sinhwa, and Hyundai, are engaged in the construction of roads, an oil pipeline, power stations, and chemical and textile plants, throughout Iran.

[Pak] What is the position of Iran on the peace negotiations between Israel and Palestine?
[Now-Forsati] We are opposed to such changes as seen today. The PLO does not reflect the will of all the Palestinian people. [end Now-Forsati]

Ambassador Now-Forsati said that it is curious that just as the price of land in Seoul's Tehran Street has increased exorbitantly, that of Tehran's Seoul Street has also drastically increased.

* Anti-Kim Front: DPRK Military May Revolt

942C0050 Seoul CHUGAN CHOSON in Korean 2 Dec 93 pp 32-34

[Excerpts] It is the Army that Kim Il-song of North Korea fears the most. The Army, much dissatisfied with Kim's system, even exchanged fire with each other in front of his official hall in the spring of last year. After that, at Kim's insistence, the Army's ammunition around Pyongyang was confiscated.

Temporarily returned to South Korea after taking part in the "Rally for Democratization and Recovery of Human Rights of North Korea," held under the auspices of "National Salvation Front for Democratic Unification of Korea" (National Salvation Front for short) in Washington D.C. last October 22, Mr. Pak Kap-tong (74), the standing chairman of National Salvation Front, said that he had heard that "the army of North Korea was very agitated." He thought that an internal coup could possibly dismantle Kim's system within two years.

Pak said that he had heard the following from Front members participating in the Washington rally as well as those living in exile in Russia and China, etc. If a coup occurs in North Korea, the new military authorities, officers above colonel rank who had studied in the old Soviet Union, will become the main power in place of the Kim Il-song faction.

The Front is an anti-Kim Il-song organization formed in Moscow in January, 1992 by North Korean defectors. Its leaders are Yi Sang-jo, ex-North Korean ambassador to the USSR (a lieutenant general of the People's Army); Mr. Suh Hui, ex-chairman of the Pyongyang Special City Party Chapter of Korean Workers Party; and Pak.

The 15-member Central Standing Committee has all served as ranking executive members in the Korean Workers Party and People's Army. It includes Kang Sang-ho (ex-Vice Minister of Home Affairs), Chung Sang-jin (ex-Vice Minister of Culture and Art), Pak

Byong-yul (ex-Director of Kang Dong Political School), Yu Song-chul (ex-Chief of the Operations Bureau of Supreme Headquarters of the People's Army), Chang Hak-bong (ex-chief of the Military Academy), Shim Su-chol (ex-deputy chef de cabinet of the Ministry of People's Armed Forces), Yu Song-gol (ex-Head of the Air Force Academy), etc. The Front has a membership of about 300.

Its branches are set up in the United States, China, Japan, Kazakhstan, Uzbekistan, and Russia, among others. The National Salvation Front, through "National Salvation" published in three languages, Korean, English, and Japanese, is pushing for recovery of human rights for North Korea's 23 million people who are dying of hunger, cold, and physical beatings. Its supreme task is "to drive out Kim Il-song and his son."

The Front made eight demands at the Washington rally: 1) Eviction of "Human slaughterer Kim Il-song and his son from office at once!" 2) release of political prisoners, 3) freedom of the press, 4) freedom of assembly and association, 5) freedom of residence, 6) right to choose occupation, 7) guaranteed reunification of separated families, 8) guarantee of free hometown visits. [passage omitted]

This writer asked Pak Kab-tong, who temporarily returned to South Korea, about the activities of the Front and the North Korean army unrest as well as that of the population of which the Front knows.

To what extent is North Korea's army agitated?

"According to the information we obtained, North Korea, after the Gulf War, had officers above regimental commander rank watch the videotape of the war to let them know American tactics. But it had a contrary effect. The commanders who watched realized that the outcome of modern war depends on up-to-date weapons. They were therefore infected with defeatism, saying that if North Korea started a war with conventional weapons, it would be defeated. The enlisted men are in a very poor health due to long periods underground and are extremely demoralized due to long-term service."

How do you obtain information from the closed society of North Korea?

"We get it from Russia, China, Japan, etc. The details of the channels should not be disclosed for their personal safety." (According to the first issue of "National Salvation," the Front is working in cooperation with an anti-Kim Il-song organization in North Korea.)

You said that there was a gun battle in Pyongyang, didn't you?

"To construct apartment buildings for 50,000 families in Pyongyang in the spring of last year, North Korea forced the construction, mobilizing the military in a district. The soldiers from the country, seeing that those serving in the Capitol were treated much better than themselves, forced their way to Kim Il-song's official hall to protest. As the Presidential Security Guards fired upon the soldiers to hold back, a gun battle broke out. After that, Kim ordered the troops around Pyongyang to surrender their ammunition."

If a gun battle had broken out, it must have been a big problem.

"Responsible persons were rebuked. But the corps commander of the troops from the country, Lieutenant General Kim Song-il, received immunity because he was the son of Kim Il-song and Mun Song-ja."

I haven't heard that there was a son called Kim Song-il among Kim Il-song's sons.

"That is because Kim's relations with women were not exposed. It is widely known that he is Kim's son. According to the information we obtained, there is a fierce power struggle between Kim Chong-il's group and the other group of Kim Song-ae who is Kim Il-song's wife. Kim Song-il is neutral. Kim Yong-sun, Kim Tal-hyon and Chang Song-taek (husband of Kim Kyong-hi, Kim Il-song's daughter) belong to Kim Chong-il's group. Kim Yong-ju, Kim Il-song's brother, and Kim Pyong-il, Kim Il-song's son, belong to Kim Song-ae's group."

It is said that a military coup was carried out and that the persons connected with it were executed in North Korea.

"Although we also heard of this, we were not able to confirm it. According to the information we obtained, a coup was carried out last July and some rebel army people fleeing North Korea were besieged by North Korean troops at a mountain near the border. At that time the Chinese Army moved in, which once took a stand against North Korea's army. At about that time, North Korea limited entry of pro-regime residents in Japan into the country. Such a measure has been very rare. The rumor of a coup circulated around this time."

Is there the possibility of a military coup in North Korea?

"Yes, as I said before, North Korea's military authorities are very discontented and infecteded with defeatism. If they were provided with ammunition, they will point their guns at Pyongyang. They are the biggest threaten to and the only substitute power for Kim Il-song's system. Split into the old and new generations, the military authorities will unite to seize power. Thereafter, the new generation will gain supremacy over the old generation, I expect."

Exactly what do you mean by "the new generation of the military authorities"?

"Officers above colonel, most of whom studied in the USSR, are the new military authorities. Because they served under the members of the Front in the past, they and the Front will, I think, understand each other. To restrain the new military authorities, Kim Il-song replaced company officers with those who did not study abroad, I heard."

When do you expect the coup by the new military authorities?

"If the North Korea's nuclear program is sanctioned immediately by the U.N., a coup will occur within the year. If North Korea enters into diplomatic relations with the U.S. or Japan, it will endure another two years before collapsing. Even if the new military authorities seize power, the unification of North and South Koreas will be possible only after five to six years from that point," I suppose.

Will it be possible for North Korea to start a war?

"War rumors are nothing but Kim Il-song threats. How can he start a war with such out-of-date weapons and demoralized soldiers? Because South Korea's government does not react strongly to North Korean threats, North Korea is spreading these rumors."

How much information about North Korea's nuclear program do you have?

"We once obtained information that North Korea had requested a nuclear bomb test range from the USSR under Brezhnev. Judging from this information, the nuclear weapons development of North Korea seems to have been ripe for testing. I also, during my stay in North Korea in 1956, heard a member of the South Korean Workers Party speak about the construction of nuclear weapons underground works. But nuclear weapons are merely a threat to South Korea and Japan, and can never be used."

Is any power collaborating with the Front in North Korea?

"Two hundred thousand political prisoners detained in the prison camps and 3 million nonsupporters, who are permanently detained in the collective farms in the mountains near the Yalu and Tumen Rivers, are opponents of Kim Il-song. They have the same opinion as we. Twenty thousand North Koreans who defected to China, now known to have been collectively housed in Inner Mongolian regions, may also be collaborators with us."

To contact those people, what measures is the Front taking?

"Although the Front is planning a variety of measures such as running broadcasting stations, etc. to let the population of North Korea know the truth about the outside world, it is in trouble for lack of funds. At present it concentrates its efforts on publicizing of what the Front really is."

How do you raise funds?

"Those who defected to Japan while being active members of the South Korean Workers Party in the past total about 30,000. Many of them are rich. The Front manages to keep going with their help."

* Heightened Propaganda for Kim Chong-il Viewed

942C0057A Seoul NAEOE TONSIN in Korean No 876, 2 Dec 93 pp E2-E4

[Excerpt] [passage omitted] North Korean [NK] propaganda claiming that Kim Chong-il is inspecting front-line units, pushing for more military training, and carrying out other vigorous leadership activities is greatly increasing.

Through his "outstanding, military leadership skills," Kim Chong-il directly managed

- the April, 1964 hostile action at the Military Demarcation Line,
- the January, 1968 taking of the U.S. naval vessel Pueblo, and
- the April, 1969 downing of an EC-121 aircraft, reported the official North Korean Central News Agency [KCNA] through its broadcast (on November 10th) of the "Kim Chong-il Revolutionary History, Lecture Number 78."

Before this, through a commentary program (April 17th) called, "With the Wisdom and Courage of a Supreme Commander," the KCNA claimed that Kim Chong-il "made brilliant contributions in strengthening the nations defense in every way":

- by visiting North Korean Army [NKA] front-line guard posts in February, 1963, encouraging "one-is-worth-a-hundred fighting power";
- by visiting naval units in mid-October, 1975, inspecting fleet maneuver training and marine training amid the inclement weather of a driving storm; and
- understanding the pattern, order of battle and organization of the tactical preparations of units above division level, by making concrete suggestions on capability and material augmentation and on combat usage of such units, to mark the 50th anniversary of the founding of the NKA on April 25, 1984.

Thus highlighting Kim Chong-il's leadership activities concerning the NKA, to further accentuate his military leadership ability, in November NK created a new KCNA discussion program called, "The Great Presence of the Supreme Commander" (presently on third broadcast), and the Ministry of People's Armed Forces [MPAF] held (November 11th) a "Forum for the Study and Discussion of the Greatness of Comrade Kim Chong-il."

In the program (KCNA November 14), "The Great Presence of the Supreme Commander," Kim Chong-il was held up as, "An extraordinarily brilliant supreme commander with complete mastery of Kim Il-song's autonomous military thought and tactics," and as, "an extraordinarily brilliant supreme commander who knows not even an instant of worry or agitation, though the most powerful enemy in the world attacks, who lays out bold operational plans with great ease, before which

his frightened enemies fall, who has courage and will power as yet not possessed by any other in the world."

In a forum in which senior military officials, Chief of General Staff Choe Kwang, General Political Bureau Deputy Director Yi Pong-won, and MPAF Deputy Minister Kim Kwang-chin participated, Kim Chong-il was proclaimed to be the "great leader of the people, who set up an autonomous military command system and unceasingly increases its fighting power and armaments."

NK's recent concentration on propaganda concerning Kim Chong-il's military leadership activities, even presenting concrete examples, is understood to be an attempt to placate the military, to eliminate the debate seething within it on Kim Chong-il's lack of experience in NK military affairs and his resulting suitability as supreme commander of the military and Chief of State, and to elicit loyalty from the military.

According to the testimony of recent defectors, since Kim Chong-il was made Supreme Commander (December 24, 1991) and Chief of State (April 20, 1992), dissatisfaction and complaints are gradually growing within the military: "Following the political and economic sectors, Kim Chong-il is now going to ruin even the military." Accordingly, the MPAF is even reported to have carried out a "Military-wide Ideological Questionnaire-Survey" to determine trends within the military. [passage omitted]

* Ex-Deputy PM Views Economic Competitiveness

942C0063A Seoul HANGUK ILBO in Korean 25, 28, 30 Dec 93

[Article by Cho Sun, former deputy prime minister and current adviser to the Bank of Korea governor: "Korea's Choice Under Changing World Economy"]

[25 Dec p 1] Impossible To Survive Under Old Frame

[Excerpts] [passage omitted] Throughout the process of the Uruguay Round [UR] settlement it was obvious that the United States and the EC, particularly the former, called the tune in making all settlements. Japan exercised a very marginal influence, and the influence of the rest of the countries was negligible. Fortunately, the principle of free trade was pushed through to the end. However, it cannot be overlooked that big powers were more persistent in promoting their national interests than in any previous negotiations. In his official message to the U.S. Congress calling for the passage of the UR agreements, U.S. President Clinton pledged that he will "see to it that U.S. interests will be protected" in future negotiations.

What would the world trade organization [WTO] order be like? It would be the kind of order in which all countries, nay, all enterprises in all countries will compete with each other one-on-one. It will not only govern competition in commodity trade but also in services, brain power and knowledge, and ability among nations and enterprises. Expansion of competition will pose an awesome challenge to us. Underdeveloped countries might be able to hold their own in competition in commodity trade. But they will discover that there are many areas in the software field, such as technology, brain power, and knowledge, where they are no match for their competitors from the beginning. They will also discover that rules governing competition are not interpreted in a uniformly fair manner. Just as lions get their lion's share in the food chain, advanced countries will interpret the substance of the economic order in a way advantageous to themselves. While absorbed in exporting commodities, the underdeveloped might lose everything before they are aware of it, like a hunter too much absorbed in chasing a hare to see the mountain.

During the recent UR negotiations, our country ran about in confusion like soldiers surprised by the enemy. The UR is concluded for now, and work will begin soon to work out details necessary to implement it. We should immediately revise a number of laws, regulations, and systems to prevent outsiders from unilaterally setting our national destiny without our knowledge.

Economic policies under the WTO order cannot succeed with the conventional methods and ideas. If so, what should be changed, and how? First, the government's functions and roles must be changed. "Economic planning" by the government will become virtually meaningless. It will be practically impossible to make cyclical adjustments through Keynesian stop-gap government intervention. We come to keenly realize that globalization signifies a limitation on government economic policy-making. With the WTO order, the government will no longer be able to control and adjust the economy unilaterally and at will. For instance, as foreign capital moves from one country to another as a result of the liberalization of capital, currency authorities will not be able to maintain a certain volume of currency in circulation as they please. Needless to say, this does not mean that the role of currency authorities will be eliminated. In some areas, their role may even increase. But their role and meaning should change. The government should review and reorganize its roles and functions as soon as possible so that they may be adapted to the new environment under the WTO. Our government structure is a carryover from the era in which it was to help attain the growth targets under the closed economic system of the 1960's and 70's. Public understanding of its functions still remains at that level. With this structure it will be difficult to flexibly take up the challenge of the WTO era. The concept that prevailed in those says gave rise to a tendency to denigrate the role of the price mechanism and be overconfident of the control function of government agencies. All policies based on this is bound to end in failure in the WTO era.

[28 Dec 93 p 1] Costly, Inefficient Structure Needs Urgent Revamping

[Text] To adapt ourselves to the WTO era, we need to push for the establishment of an order founded on free competition as extensively and swiftly as possible. Needless to say, order under free competition does not simply mean laissez-faire. Order founded on free competition cannot take root in a vacuum. It needs rules for its preservation and development. Just as the old order founded on control was a "system," the order founded on free competition is similarly a "system" based on strict rules. The written part of these must be worked out and enforced by the government.

If conventional economic planning becomes unnecessary and stop-gap fine tuning becomes impossible, the role of the planning authorities (the Economic Planing Board [EPB], for one) needs to be changed drastically. Until now the EPB has formulated macroeconomic plans and made an overall adjustment of economic policies to fulfill goals. But instead of setting macroeconomic goals, the EPB will from now on have to set goals for liberalization and competition and piece together and adjust all the directions in establishing systems necessary for their attainment. Still intact in our economy are so many systems that arbitrarily regulate, ban, punish, or watch private sector economic activity. Most of the high cost and low efficiency of our economy is their legacy.

Will government ministries be able to fulfill satisfactorily the liberalization goals that reduce their own authority? It will be difficult to get an affirmative answer. But the flimsy supply system in the ROK economy characterized by high cost and low efficiency will not improve unless the government changes its ways. [passage omitted]

For the ROK to be internationally competitive in the WTO era, it is necessary to select a sound direction for macroeconomic policies. The most desirable macroeconomic policy direction in improving the high-cost, low-efficiency economic structure is to do away with the the stop-and-go pattern and consistently build up the basis of economic stability. When prices rise and bubbles are formed while pursuing a growth policy, the government switches to retrenchment; and when this retards growth, it returns to a growth policy once again. Under this kind of "stop-and-go" policy, it is impossible to gain competitiveness. In the current condition of the ROK economy, it is difficult to adopt a strong retrenchment policy. But if the government unflaggingly pursues a determined policy of stabilization for several years while pushing reforms designed to establish an order founded on free competition, it will be able to attain desirable results without fail. This is the only way to win public trust and response. The majority want price stability more than anything. "Macroeconomic stability and microeconomic liberalization"—this will be the most appropriate policy mix at present.

This mix will be accompanied by many difficulties. It will be difficult to expect immediate results. For this reason, it is very possible that it will come under attack from an impatient press and interest groups. That is why it will be difficult to pursue without economic vision and conviction. There is the danger of reverting to the old stop-and-go policy. Many desire easy growth; they want capitalism without cost. But no such capitalism has ever succeeded.

Most important for the ROK economy now is monetary reform. The United States and other big powers are expected to press hard for financial liberalization in our country in the future. Should we fail to prepare for this pressure, we could find ourselves running about in confusion just as we did in the opening of the rice market. What kind of preparation do we need? The most essential preparation will be the "liberalization of the domestic financial market." We should move up Phases III and IV in the liberalization schedule as soon as possible. It is desirable to reduce or abolish policy-driven financing, liberalize all interest rates including those on bank loans, establish a responsible management system for banking organizations, and abolish all forms of window guidance. To this end, many statutes and regulations for financial control need be revised. When liberalization is pursued while curbing inflation, it will bring about increased savings, stable interest rates, and a turnabout in our high-cost, low-efficiency economy.

Financial operations in the WTO era will require a high degree of expertise. Along with financial liberalization, it is desirable to revise the Bank of Korea Law so that the central bank may take charge of currency management. Only by so doing is it possible to put an end to the vicious "stop and go" cycle and insure expertise in financial operations. Inasmuch as the central bank is a government agency, there is a stark limitation on its "independence." Nevertheless it must be clear where responsibility for currency control lies in order to increase the effectiveness of economic policy.

[30 Dec 93 pp 1, 2] Cultivate Intellect, Train Personnel With Foresight

[Text] Following the conclusion of the UR negotiations, the government announced various measures designed to achieve an epochal development of our agriculture. What we need is not epochal measures, but epochal results. But it is questionable whether we will be able to easily find means to achieve epochal results.

Inasmuch as our agriculture and rural communities are problems for our industry and society as a whole, it is impossible to find ways to achieve epochal development only in agriculture by divorcing it from the rest of the nation's economic policy. Many have pointed out, "Our agriculture is backward," or "Our rural communities are backward." But in my opinion, those who hold this perception labor under a misconception of what lies at the heart of the matter. True, our agriculture and rural communities are backward. But it is more appropriate to say that there has been a discrepancy between agricultural policy and directions of economic management in

all other sectors. This was created because policies concerning agriculture and rural communities were always formulated independently of overall economic policy. As overall economic policy was being implemented with no link whatsoever to agricultural policy, the latter focused only on agriculture and persistently sought to increase production. As a result, development of non-agricultural rural income sources has been neglected and agriculture has continued to be wholly dependent on rice farming. It is impossible to reconstruct agriculture and rural communities so long as the dichotomy in policy described above remains unchanged. It is impossible to develop agriculture and rural communities alone by keeping agricultural policy separated from the economy as a whole. [passage omitted]

It is often said, correctly, that our economic future depends on export. But now that we are at the outset of the WTO era, it is necessary to appropriately amend this perception. We must think more broadly and deeply. What drives export? Export depends on technology and business management efficiency. What drives these two factors? In the final analysis, they depend on man, namely, talent. If our civil servants are inferior to their American and Japanese counterparts, if our company employees are inferior to their American and Japanese counterparts, if the level of our knowledge is below that of other nations, it is obvious that we will be defeated in international competition. [passage omitted] In a sense the WTO era may be interpreted as one in which the United States and Europe, finding themselves shoved aside by Asians countries in commodity trade, will challenge their Asian competitors once again by shifting from commodity to knowledge and intellect as weapons of competition. [passage omitted] Unfortunately, we have achieved no great success in either.

To begin with, the system for properly employing trained talent needs improvement as a short-term objective. The civil service system should be improved. It is well known that many of our civil servants are talented. But it is undeniable that there is ample room for improvement in the way they are employed if we are to achieve policy innovations to suit the tide of the times. [passage omitted]

In our country civil servants rely on the each ministry's research institute for supplementing their deficiencies in their specialties. A similar system hardly exists elsewhere. It has merits, but it also has serious demerits. If civil servants depend too much on institutes, it may become an impediment to their "intellectual" development in the long run, and the institutions will fall into the trap of working for departmental interests while failing to produce good research for the national interest. It is desirable to increase researchers' autonomy and reduce civil servant dependence on research institutions. [passage omitted]

Burma

Khin Nyunt Addresses Meeting on Drug Suppression

BK1002053694 Rangoon Burma Television Network in Burmese 1330 GMT 9 Feb 94

[Excerpts] The inauguration ceremony for the second Myanmar [Burma]-Thailand-Lao People's Democratic Republic [LPDR] tripartite ministerial conference on cooperation in drug abuse control was held at 0900 today at the conference hall of the International Business Center on Prome Road, Yangon [Rangoon]. [passage omitted]

In his opening speech, Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC], expressed his pleasure at having the opportunity to open the second ministerial conference of the LPDR, Thailand, and the Union of Myanmar on cooperation in drug abuse control. He said he warmly welcomed the delegates on behalf of the government and the people of the Union of Myanmar. He said he also welcomed the observers and representatives from Bangladesh, the PRC, India, the United Nations Drug Control Program [UNDCP], WHO, UNICEF, and FAO.

Lt.Gen. Khin Nyunt said that the menace of spreading narcotics use is a matter of major international concern, and the scourge of illicit drugs trafficked across international borders can be successfully overcome through the strength of international unity. Myanmar believes that all international cooperation at the individual, regional, and international levels are necessary for this endeavor. He said Myanmar is simultaneously combating narcotics in a national campaign and cooperating fully internationally in striving to solve the problems of illicit use, production, and traffic in narcotic drugs on all fronts.

After his speech, Lt. Gen. Khin Nyunt cordially greeted members of the Thai delegation, led by the deputy prime minister; the LPDR delegation led by the Prime Minister's Office minister; ambassadors; and representatives from the UN agencies. [passage omitted]

Speaking at the meeting, Lt. Gen. Mya Thinn, leader of the Myanmar delegation, chairman of the Central Committee for Drug Abuse Control [CCDAC], and home minister, said the cooperation among our three countries, which form part of the infamous Golden Triangle, in combating the menace of narcotics will be seen as an important milestone in the history of the world. He said such an endeavor serves the interests of all humanity.

Lt. Gen. Mya Thinn said that the countries attending the current conference are part of the region known as the Golden Triangle. He said everyone knows who created the Golden Triangle and who is smearing its image with black paint. He said collective efforts to solve the problem, rather than the practice of blaming one another, will gradually bring an end to the narcotics problem.

He said the history of our country's narcotics problem was presented at the first meeting. He said remarkable efforts had been made by Myanmar since the first meeting. He said a ministry for development of the border regions—where most of the opium is grown—and national races was formed on 24 September 1992 and that the Law on the Development of the Border Regions and National Races was enacted on 13 August 1993. He said one of the objectives of the law is to totally eradicate the cultivation of narcotic drugs by establishing economic enterprises. He said priority has been given to this task since May 1989 and as of the end of 1993, the state has spent kyat 1,512.4 million for this task. He said the task of eradicating opium cultivation in the Kokang Region within six years and the Wa Region within 10 years is being carried out in consultation with the local national leaders.

Lt. Gen. Mya Thinn said agreements had been signed by Myanmar, the PRC, and the UNDCP and Myanmar, Thailand, and the UNDCP on 12 June 1992 under a joint regional program for narcotic drug eradication with financial assistance from the UNDCP. Representatives from Laos were invited to attend the meetings held by Myanmar. Furthermore, an agreement was signed with India on cooperation in combating narcotics on 30 March 1993 and the first meeting was held in New Delhi on 19 October 1993. It is hoped that a cooperation agreement with Laos would be signed with assistance from the UNDCP. Similar consultations will be made with Bangladesh.

Lt. Gen. Mya Thinn said cooperative efforts and common objectives of the neighboring countries had earned them praise from the 36th Conference of the Narcotic Drugs Commission held in 29 March-7 April 1993 in Vienna, Austria. The commission conference urged West Asia and other regions to take similar action. He said another outstanding endeavor was the signing of the memorandum of understanding by representatives of Myanmar, PRC, Laos, and Thailand on cooperation in combatting illicit traffic and use of narcotic drugs on 26 October 1993 at the UN Headquarters.

Continuing, Lt. Gen. Mya Thinn explained the Narcotic Drugs and Psychotropic Substances Law of 27 January 1993. He said this law was drafted and promulgated in accordance with the provisions of the United Nations Convention Against Illicit Traffice in Narcotic Drugs and Psychotropic Substances. He said the menace of narcotic drugs is growing while psychotropic substances are now infiltrating our countries. In addition, he said, the task of banning chemicals used in refining narcotic drugs is also very important.

Lt.Gen. Mya Thinn explained that there is no illicit production of these chemicals in Myanmar and there are strict restrictions on the matter and the new law contains effective penalites. A constant watch is maintained for illegal traffic in these chemicals from neighboring countries. Lt.Gen. Mya Thinn said that under the new law, laundering financial proceeds from the narcotics trade in

the form of movable as well as immovable property and bank deposits can be investigated and they can be confiscated as public property. He said profit is the main motive behind the illicit production and trafficking of narcotics, and only when the proceeds can be confiscated as public property can its machinery be stopped. Similarly, it is necessary to make joint efforts to contain traffic in narcotics-related chemicals.

What is more important is that the drug traffickers can easily move across borders and disregard international boundaries. It can be seen that they are even capable of defying governments concerned with illegal weapons. Therefore, it is about time that countries producing weapons stop this illegal trade. Lt.Gen. Mya Thinn said the Cold War is over and all countries should join hands in working to combat AIDS—an offshoot of the menace of narcotics—in the interests of all humanity. Therefore, in conclusion, he urged all countries to continue to cooperate until success is achieved in accordance with the motto: Prevent and combat the menace of narcotic drugs which endanger humanity. [passage omitted on speeches by Lao, Thai delegates]

Brunei, Malaysia & Singapore

Malaysia

Mahathir: Sabah Should Support National Front

BK0802154794 Kuala Lumpur NEW STRAITS TIMES in English 7 Feb 94 p 1

[By Joseph Bingkasan and Rashid Yusof]

[Excerpts] Kota Kinabalu, Sun. [6 February]—Kadazans can choose from many other capable leaders who are honest, hardworking, and who care for the people to lead them, Prime Minister Datuk Sri Dr. Mahathir Mohamed said today.

He said the people of Sabah, particularly the Kadazan/Dusun community, should not sacrifice their well-being by supporting Parti Bersatu Sabah [Sabah United Party—PBS] President Datuk Sri Joseph Pairin Kitingan's aspiration to continue as the chief minister. [passage omitted]

Dr. Mahathir said as Sabah was lagging behind in development, the people now had the opportunity to be on par with their counterparts in other states by giving the mandate to the BN in the coming elections. He said a Barisan government would be fair to all races. "When the BN makes promises, they will be delivered," he said to the applause of the large crowd. Dr. Mahathir said Barisan had nothing against the PBS but could not get along with its leaders, particularly Pairin, who had proven himself to be insincere.

He said that during the 1990 general election, Pairin played out the BN by pulling out of the coalition a few days before polling. "Pairin now wants to return to the BN, but how can we trust him?" He urged the voters not to be duped by the PBS' tactics of confusing the people that UMNO [United Malays National Organization] was trying to grab power in the state. [passage omitted]

Official Meets Ukrainian on Planes, Bosnia

BK0802145294 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 8 Feb 94

[Text] Malaysia has requested for support from the Ukrainian Government to bring about a justifiable end to the conflict in Bosnia-Herzegovina. Foreign Ministry Secretary General Tan Sri Ahmad Kamil Jaafar said Malaysia appreciates the contribution made by Ukraine in Bosnia, especially to the United Nations peacekeeping forces. He said he had requested for Ukraine's support to bring about decisive action that Malaysia is seeking out with other countries, not only on the (?ground), but also in the United Nations.

He said this at a press conference after meeting Ukraine's deputy foreign minister, A.D. Makarenko, in Kuala Lumpur. Tan Sri Ahmad Kamil said the meeting was the beginning of a process to upgrade relations both in the political and economic fields, including the various trade agreements in the framework for economic cooperation. Makarenko said Ukraine was interested in sharing its expertise in field products, space program, and the aircraft manufacturing industry, especially in the area of large cargo planes. [sentence as heard]

Commentary Urges More Inter-ASEAN Investment

BK0902123594 Kuala Lumpur Voice of Malaysia in English 0800 GMT 9 Feb 94

[Station commentary]

[Text] The misconception about attracting foreign investment into ASEAN is that it should come from outside the region. In doing so, ASEAN do not realize the immense potential in cross-border investment. For far too long, member countries have been relying on investments outside ASEAN. This will only serve to make the region dependent on others. Besides this, it is not in line with efforts toward ASEAN economic integration.

The fact is that member countries do not have to go far for investment. With regional trade expanding rapidly, there is much scope for greater intra-ASEAN investment as well. As Prime Minister Datuk Sri Dr Mahathir Mohamed noted, investment by ASEAN investors in ASEAN had grown substantially over the years. However, the choice by ASEAN investors to place their money in the region does not come automatically. It is vital for member countries to provide a conducive climate for investment. This means that the investment climate must be ideal, with the necessary laws and policies in place.

ASEAN countries have done well in providing the right environment for foreign investment. Still, with other regions also competing for investment, member countries must guard against complacency. Economies in Eastern Europe, Latin America, and Africa are competing for foreign capital to create jobs and prosperity. Here, a key to cross-border investment is to complement one another's economic mood. This is exactly why the growth triangle concept has become very popular in the region. It is more effective for a few countries to get together to develop their respective regions bordering each other. Within a short period of time, the committees in charge of developing the growth triangle have swung into action. It is a matter of time before they start bearing fruit.

The bottom line is that if their investment climate is ideal for ASEAN countries, they should also be conducive for investors from outside the region. Therefore, there is much scope for not only intra-ASEAN trade, but cross-border investments as well among member countries. The challenge is for the respective private sectors to tap into each other's potential. Rather than going for high-cost areas far away, ASEAN countries are among the most lucrative investment destinations. Areas that need to be looked into to ensure the flow of investments of proper infrastructure facilities. [sentence as heard] Efforts should be made to enhance skilled manpower in the region. This could encourage reverse investment by some of the more developed countries in neighboring ASEAN countries.

All this would go a long way in boosting the region's quest for a single free market. When that is achieved, ASEAN would emerge as a cohesive force, much to the envy of others. At the same time, it would give the region a better bargaining power in international economic issues.

Singapore

Editorial: Time for U.S. To Move Against Serbs

BK0902134194 Singapore THE STRAITS TIMES in English 9 Feb 94 p 20

[Editorial: "Stop the Serbs—now"]

[Text] The time for action on Bosnia was when the problem erupted, two years ago. Nothing was done, for reasons ranging from desire to keep out of others' wars, to the fear of losing them, to disagreement between the members of the North Atlantic Treaty Organization (NATO). When the Serbs of rump Yugoslavia and the Croats began carrying out ethnic cleansing and genocide with impunity, the United Nations decided that it would intervene to keep the peace. That word was a misnomer, for there was no peace to keep. Paralysed by an arms embargo that removed their ability to defend themselves, the Bosnian Muslims became prey to the barbarities of the Bosnian Serbs. These Serbs were abetted by their brothers in Belgrade who, the same embargo notwithstanding, enjoyed vast superiority in arms because the hardware of the erstwhile Yugoslav military had come to their possession. The massacre of Bosnians continued, whether through outright shelling or the more insidious sniper fire and a siege that kept humanitarian supplies from reaching starving and wounded populations. In the meanwhile, out-of-work European politicians became famous by flying in and out of Sarajevo and Belgrade, trying to achieve a settlement which they, more than anyone else, knew existed only in the imagination. The reason: the Serbs knew that they did not have to make peace, for they were simply doing fine in an unequal war. As the world agonised and political leaders looked the other way, Bosnians died slowly and painfully.

Then, last weekend, the shocking death of 68 people in a mortar attack in Sarajevo reminded NATO that it has some responsibility for ensuring that the Balkans do not slip irreversibly out of the civilised world. Foreign Ministers of the European Union (EU) met in Brussels on Monday to issue the toughest warning heard in recent months to those strangling Sarajevo. After the usual disagreements among themselevs, they asked that NATO meet to see how besieged Sarajevo could be relieved using all necessary means, including air strikes. But even now it is not certain that those necessary means will be used.

True, air power is not an end in itself. Not only will its use endanger the UN peacekeeping forces in Bosnia, will air strikes not supported by ground action lead to a Serb withdrawal? Who will provide the ground troops? Are NATO governments ready to face the political cost of sustaining casualties in what may turn out to be a protracted war? In terms of realpolitik, is it worth all the effort as long as the Bosnian massacre does not grow in a larger European problem? That apart, what is the point of undertaking military intervention in the absence of a larger, sustainable peace plan whose enforcement must be the objective of the military action? Is there such a peace plan?

These are legitimate questions, but they can also become dishonest excuses for doing nothing—which is exactly how they look today. The Serbs need to be punished for what they are doing, and prevented from doing what they will do if they are not stopped. The demilitarisation of Sarajevo enforced through limited air strikes, will remind them that they can be losers in an equal war. Strategicaly, the strikes will hold the situation while increased diplomatic pressure is brought to bear on the Serbs for a political solution. Concurrently, a lifting of the arms embargo on Bosnia will enable it to balance the military scales for the same purpose: to make the Serbs realise that they have to talk real peace. To date, the U.S. has shown more than any other NATO member that the plight of the Bosnians means anything to the conscience of the civilised world. In the name of that civilisation, in the name of the right of a people to resist genocide, in the name of innocent Bosnians who are still alive, it is the

U.S. which needs to lead the way to what needs to be done at once: Stop the Serbs.

Cambodia

Son Sann Issues Statement Urging Cease-Fire

BK0902143494 Hong Kong AFP in English 1208 GMT 9 Feb 94

[Text] Phnom Penh, Feb 10 (AFP)—Senior Cambodian parliamentarian Son Sann has appealed for a ceasefire between the radical Khmer Rouge and government forces, a statement released Wednesday said. The ongoing fighting between the Khmer Rouge and the government was detrimental to the Cambodian people, Son Sann, the leader of the small Buddhist Liberal Democratic Party (BLDP), said in the statement.

"The Cambodian people...strongly aspire towards peace, a widespread and lasting peace which would allow them benefit from the proper reconstruction of the country," he added.

The BLDP and Prince Norodom Ranariddh's FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party were allied with the radical Khmer Rouge fighting against the Vietnamese-backed Phnom Penh regime throughout the 13-year civil war brought to a formal end with the signing of the 1991 Paris peace accords. The peace accords paved the way for the UN-supervised elections last May which led to the formation of the current coalition government consisting of the Phnom Penh party, the royalists and the BLDP. But the Khmer Rouge boycotted the polls and continued their guerrilla struggle against the government.

Son Sann said the victims of the current fighting were first of all Cambodian soldiers from both sides.

"But it is the people who suffer the most," he said. "The inhabitants of combat zones are killed and wounded. The survivors have to flee their destroyed homes and abandon all their belongings. Many try in vain to seek refuge abroad."

Son Sann called on all belligerent forces to declare a ceasefire in order "to end or diminish the suffering of the Cambodian people."

He also called for talks to start as soon as possible to implement a peace proposal put forward by King Norodom Sihanouk. The king suggested that "acceptable" members of the Khmer Rouge be given senior government posts in return for the radical faction opening up its zones, ceasing all guerrilla activities and merging its fighters with the government's royal armed forces.

Khmer Rouge nominal leader Khieu Samphan recently said he supported the king's proposal but co-premiers Prince Norodom Ranariddh and Hun Sen accused him of being "insincere" and demanded that the Khmer Rouge obey a ceasefire first and then hold the peace talks.

Government forces captured the Khmer Rouge's major headquarters and logistics base at Anlung Veng, near the Thai border in Siem Reap province on February 5, government officials said, adding that one of the main objectives of the attack was to push the guerrillas towards accepting a ceasefire.

Troops were also moving on Khmer Rouge positions to the east of Anlung Veng, in remote northern Preah Vihear province, co-premier Prince Ranariddh said Monday.

Some 2,000 villagers recently fled their homes in the Choam Khsan district of Preah Vihear to escape heavy guerrilla rocket and artillery attacks on government positions

Prince Ranariddh and Hun Sen have also threatened to attack the Khmer Rouge's main headquarters at Pailin in Battambang province if the guerrillas did not agree to the ceasefire prior to negotiations.

A western diplomat, however, said the government seemed to be losing patience with the guerrillas and to be shifting from a policy of fighting and talking, to just fighting.

Article Praises Capture of KR Stronghold

BK0902053094 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 8 Feb 94

[Unattributed "Article": "The First Step Toward National Unification"]

[Text] The recent capture of the Anlung Veng base by the Khmer Royal Armed Forces of the Kingdom of Cambodia was a great victory for the entire nation. This victory means the beginning of efforts to flush out the radical Khmer Rouge from the seceded area in one part of the country which the Khmer Rouge have claimed as their stronghold. While the Khmer Rouge have not been able to defend their high command, this is a good sign in the future for the royal government because the latter has decided not to fight on the negotiating table anymore but instead do the fighting on the battlefield.

This issue is clear when the Khmer Rouge started to make (?insistent) and unreasonable demands which the royal government cannot accept in its role as leader of the nation and of the country. In its role as the leader, the current government cannot bow to the stubborn outcast group. The royal government has to carry out its duty to safeguard the nation and the country's interest.

It is about time to start using strong measures. This time around the royal government has performed well right from the beginning. This is praiseworthy. The royal government has not only captured and controlled Anlung Veng but has also made plans to seize other areas

controlled by the Khmer Rouge. The capture of Anlung Veng is serious pressure on the Khmer Rouge who have been affirming that they have sufficient forces and weapons to defend their strongholds in the country. This is also proof confirming the royal government's capability to run the country.

With efforts of the army to unite the nation, the situation is developing well and clearly for the future. The vigorous and energetic step and the preparations made with high technical standards could be the turning point for the resumption of talks between the Khmer Rouge and the royal government. Anlung Veng no longer has any leverage in talks to force the Khmer Rouge to comply with the royal government's conditions.

Because of this occasion, long-awaited by everyone, one should be glad with all national leaders who have adopted such active and firm actions.

KR Radio: Government Attack in Kampot Routed

BK1002075294 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 9 Feb 94

[Text] Reports from Chhuk District [Kampot Province], say that on 29 January leaders of the Vietnamese communist puppets and the two-headed government gathered a regiment of troops from Chhuk District, Kampot Province, to attack the people and the National Army of Democratic Kampuchea [NADK] along Route 3 in Chhuk District. However, as soon as as they showed up, they were ambushed and routed by the people and the NADK. The NADK and the people killed 11 enemy soldiers, including a platoon officer who died on the spot, and wounded 13 others. We seized six AK rifles and a quantity of war materiel.

The reports also say that the NADK and the people in Chhuk District, Kampot Province, remain constantly vigilant to smash and rout the offensive campaign of the Vietnamese communist puppets and the two-headed government. Furthermore, they say that offensive campaign of the Vietnamese communist puppets and the two-headed government against the people and the NADK is an act killing the nation and people. It is also an act pushing the Cambodian nation, people, and territory into the communist Vietnamese's Indochinese federation strategy.

The people cannot accept this. Our people want Cambodia to have independence, peace, and sovereignty with territorial integrity. They want national reconciliation in accordance with the five-point policy of Samdech Euv [Sihanouk] the king.

The reports further say that the NADK and the people have warned that by continuing to fuel Vietnam's war of aggression, leaders of the Vietnamese communist puppets and the two-headed government are war criminals. As a retribution, these war criminals will certainly be dissolved and disappear like previous traitors because of the people's curse.

Laos

Article Discusses Promotion of Foreign Investment

BK1002094294 Vientiane PASASON in Lao 5 Feb 94 pp 1, 2

[Article: "Effectively Broaden Economic Cooperation and Relations With Foreign Countries"]

[Text] After we began implementing the policy of broadening economic cooperation and relations with other countries as well as international organizations having good intentions toward our country—regardless of the differences in political and social systems, by late 1993 it was reported that foreign and Lao business ventures had invested in 421 projects in our country with a total capital of U.S. $585 million. Of the said amount of investment, more than U.S. $91 million has come from domestic financial sources. The said investment was reported to be carried out in three sectors, namely, agriculture, industry, and services. Of the three sectors, 187 projects with a capital of U.S. $265 million are in the service sector; 159 projects with a capital of U.S. $217 million are in the industry sector; and 75 projects with a capital of more than U.S. $103 million are in the agriculture sector. Compared with the previous years, the amount of investment capital in the aforementioned fields has increased markedly.

We can see that all this reflects an important achievement our party and government have made in implementing the policy of broadening economic cooperation and relations with foreign countries. It appears that the implementation of this policy has been effectively carried out with some modifications, thus attracting more and more foreign business interests to invest in Laos. Under the terms of this policy, the equitable sharing of legitimate benefits will be fully ensured for all the parties concerned. Most of these investment projects are in the fields of agriculture and forestry, electricity production, and infrastructure for export-oriented goods production. In addition to affirming the merit of our policy of broadening economic cooperation and relations with foreign countries, the achievement of attracting more foreign investment to our country also serves to enhance the role and prestige of our party and government in the international arena.

Nonetheless, it can be said that most of the foreign investment in our country is mainly concentrated in the service sector. With regard to this trend, many commentators, especially our economic experts, have cautioned that our efforts to attract foreign investment to transform the natural and semi-natural economy into a goods production economy in our country starting from agricultural and forestry development may be misdirected.

Superficially speaking, this assumption has a certain degree of rationality in it. However, we must learn more lessons on this from the neighboring countries.

In the meantime, we cannot afford to be too theoretically rigid in our economic principles. Everyone must agree that the building of our country along the correct policy of the party and government requires a large amount of investment. Therefore, given the present economic, social, and cultural circumstances and the status of our country, it is appropriate that we try to attract foreign investors to bring capital into our country for investment here. At the same time, we must always keep in mind that proper facilities must be available to serve the service business operations in our country, such as trading and tourism. A network of needed infrastructure, such as roads, telecommunications facilities, means of transport, hotel accommodation, services, and financial outlets must be set up. Many economic experts and public figures frequently point out that a number of investment projects in Laos proposed by foreign businessmen have been delayed. This is because the requests to implement some investment projects here are often submitted to our authorities by brokers, who subsequently sell the permits granted to them to foreign investors for profit. Such practices naturally result in delays in the implementation of the projects concerned, thus causing losses to both our country and the foreign investors, and discouraging prospective foreign enterprises from making investment here. In addition, the implementation of some investment projects has not been carried out in earnest, thereby causing numerous difficulties to our management sector. On average, most [foreign investment] projects, be they small, medium, or large, have been smoothly and effectively executed on the basis of mutual trust, equality, friendship, and mutual benefits.

At the moment, preparations are being made for the launching of a number of major investment projects, such as the construction of hydroelectric, cement, and other plants. Relying on past experience, our authorities and cadres concerned are energetically and comprehensively carrying out the necessary work to ensure that all management loopholes are completely plugged so that no losses will ensue to the investors and our country.

To continue broadening our economic cooperation and relations with foreign countries effectively, we must first pay special attention to our management work to ensure that the party's and government's policy on promoting foreign investment in various forms of lasting cooperation for mutual benefits is effectively implemented, especially in the fields of agriculture and forestry, hydropower production, and infrastructure construction for export- oriented goods production, thereby creating more financial resources for our national development.

To effectively achieve this goal, we must adopt more essential regulations to be included in the law on foreign investment and implement necessary policies with a view to creating favorable conditions for foreign investors. In addition, we must issue more documents with accurate investment data for use by foreign business enterprises. Our service management style must also be improved in order to promote competent businessmen and eliminate brokers. We must rigorously encourage all the services concerned to provide needed conditions to foreign investors.

Philippines

Mahathir Expresses Interest in Sabah Settlement

BK1002075994 Manila MANILA STANDARD in English 8 Feb 94 p 3

[By Fel V. Maragay]

[Text] President Ramos disclosed yesterday that Malaysian Prime Minister Mahathir bin Mohamed had expressed his desire for the final settlement of the Sabah claim during his state visit last week. He said that while the Sabah issue was not in the agenda of Mahathir's visit, he (Ramos) brought up the subject during their one-on-one meeting at Malacanang last Thursday.

Mr. Ramos said he informed the Malaysian premier that the government put up a foundation to help the heirs and descendants of the Sultan of Sulu in terms of investment and livelihood opportunities instead of depending on the small rental paid annually by the Malaysian government. He said Mahathir conveyed his wish to assist the heirs of the Sulu sultan, "if my help is needed please let me know," Ramos quoted the Malaysian head of government as saying.

The late Sultan Ismail Kiram of Sulu ceded to the Philippine government sovereignty rights over Sabah in 1963 in order to recover the territory which become part of Malaysia. But the proprietary rights remain with the Sulu sultanate. Based on the decision of a Malaysian court in 1939, the heirs were entitled to an annual rental payment of 5,000 Malaysian ringgits (about P50,000.00 [Philippine pesos]).

Mr. Ramos debunked the claims of some of the heirs that the government has been neglecting its commitment to help in resolving their propriety or compensation claims. He said the issue is being addressed by the executive-legislative council on Sabah claim and the Sabah desk of the Department of Foreign Affairs (DFA).

The president said the certain problems were created by the destruction of valuable documents on the Sabah claim when the old DFA building along Padre Faura street, Manila was burned a few years ago. He said a group of scholars have been trying to reconstruct these documents.

Mr. Ramos said part of the comprehensive solution of the Sabah Issue is his proposal for the creation of an East

ASEAN growth area (EAGA) composed of Mindanao, East Malaysia, Eastern Indonesia and Brunei Darussalam.

Official Says Nation To Abide by GATT Pact

BK1002080294 Manila THE MANILA CHRONICLE in English 8 Feb 94 p 11

[By Manny Mogato]

[Text] Malacanang [presidential office] said it would abide by the agreements reached in the recent Uruguay Round to tear down barriers, particularly on agricultural products, although it would pursue parallel actions to prevent any dislocations in the country's agricultural sector.

Agriculture Secretary Roberto Sebastian said the government will gradually reduce trade barriers on agricultural products in the wake of the successful conclusion of the General Agreements on Tariff and Trade (GATT). But the tempo of this policy will have to conform with the existing laws such as the Magna Carta for Small Farmers which requires some form of protection for the country's agricultural sector, he added.

Sebastian said the government can only liberalize its market once the country is already prepared to competitively take on the global market. Sebastian explained that the government's protection on smaller farmers does not reverse the government's commitment to free trade and fairer playing field in the world economy. He said these moves are part of government's measures to prepare local farmers for global competition.

To prove his point, Sebastian said Malacanang is willing to certify as urgent a package of legislative measures to help local farmers compete in the world market. He said the government is also putting in place the infrastructures needed to become globally-competitive—irrigation, post-harvest facilities and farm-to-market roads—while trying to reduce protection measures gradually.

To demonstrate how the protection measures are gradually reduced, the agriculture department cited the lifting of quantitative restrictions on processed meat products which was earlier listed on Memorandum Order 95 which reimposes quantitative restrictions (QRS) on a number of products, like corn, corn substitutes, livestock, meat and meat products and other agricultural produce.

Thailand

Deputy Premier on SRV Economic Cooperation

BK1002145494 Bangkok Radio Thailand Network in Thai 1200 GMT 10 Feb 94

[Text] Deputy Prime Minister Suphachai Phanichaphak has rejected as untrue the observations made by certain elements in the Thai private sector that the Thai Government has been acting slowly in dealing with trade and investment in Vietnam following the lifting of the U.S. trade embargo. He told reporters that the Thai Government's consistent efforts to build economic cooperation with Vietnam and other neighboring countries was part of the impetus behind the U.S. private sector pressing their government to terminate the trade embargo.

The deputy prime minister said that soon after it first assumed office, the government began promoting trade with Vietnam as if there was no U.S. trade embargo. The government has extended the Mekong River development program to cover six countries, and is considering inviting China to participate in the scheme. Vietnam and Thailand are in the process of establishing energy cooperation, and Thailand plans to buy natural gas from Vietnam. The government intends to open a Thai investment promotion office in Vietnam, and is encouraging Thai commercial banks to open branches there. The number of Thai commercial banks currently operating in Vietnam is second only to France. Officials are working on a plan to link the two countries' telecommunications networks and promote investment in Vietnam's tourism industry. Meanwhile, the Thai Government has also provided gratis financial assistance to Vietnam.

Suphachai noted that the lifting of the U.S. trade embargo will help Thailand become the trade and investment center of the Indochinese region. Japan is using Thailand for that purpose. He said the private sector should realize the government cannot interfere in every matter. Its duty is merely to lay the foundation for them. He pointed out that the government only wants good investors to invest in foreign countries, not those who want to be brokers or middlemen and sell official permits to other investors.

Public, Private Sectors Pursue SRV Trade

BK1002060994 Bangkok BANGKOK POST in English 10 Feb 94 pp 17, 26

[Text] Two organisations, one public and one private, have decided to open new offices in Vietnam to exploit an expected increase in Thai business resulting from last week's lifting of the U.S. trade embargo. The two are the Government's Board of Investment [BoI] and the private sector's Thai Military Bank. The BoI will set up an office in Ho Chi Minh City, its first in Vietnam and seventh abroad, while Thai Military Bank says it will apply for a representative office—and ultimately a branch—in Hanoi to supplement its Ho Chi Minh office.

They see opportunities for Thai businesses both as suppliers and contractors for an expected increase in investment in Vietnam, and as manufacturers exploiting the newly created opportunity of exporting from Vietnam to the United States.

In addition to the opening of a Ho Chi Minh City office, the BoI's Vietnamese push will include an investment seminar next month, similar to one organised last month

in Phnom Penh and, like the Phnom Penh event, timed to coincide with a visit by Prime Minister Chuan Likphai. The Ho Chi Minh City office will join the BoI's existing six offices abroad: in New York, Frankfurt, Sydney, Tokyo, Hong Kong and Paris.

Board secretary-general Sathaphon Kawitanon said it would also welcome the setting up of a special economic zone ("Zone 4") in Thai border areas to increase cooperation with neighbouring countries and boost the competitiveness of Thai investment.

Thai Military Bank's decision to apply for a second representative office in Vietnam and ultimately a branch, both in Hanoi, follows what the bank reports to be a profit at its Ho Chi Minh City representative office after only one year.

Although Ho Chi Minh City is still considered to be the larger business centre, bank executives believe that a presence in Hanoi is needed to be closer to decision-making, including those involving infrastructure.

Bank president Thanong Phithaya and his executives believe that the lifting of the embargo will spark a growth in activity for Thai businesses. This will partly be to support the expected new American investment and related Vietnamese infrastructure projects, and partly to use Vietnam as a production base for exporting to the United States.

Dr Thanong said yesterday that Thai construction companies were already studying opportunities. Construction materials would also be needed for the project, executives said.

Dr Wirasak Apharak, senior executive vice-president, said that Thai garment manufacturers wanted to invest in Vietnam in order to export to the United States because many categories of garments made in Thailand have hit their quota limits. But for the time being no one knows what exactly the trading terms will be after the lifting of the US embargo.

Dr Thanong said he expected approval for the representative office in Hanoi to be routine. Setting up a branch would take longer.

Thai Military Bank is one of only two Thai banks represented in Vietnam—the other is Bangkok Bank.

Executives say that while Bangkok Bank has concentrated on larger Thai corporations doing business in Vietnam, Thai Military Bank has been working with smaller operations, particularly imports of goods from Thailand into the Vietnamese markets where prices can be considerably higher. Dr Wirasak said that almost all motorcycles in Vietnam were made in Thailand and many were bought using Thai Military Bank credit. Thai Military Bank is also considering applying for a representative office and later a branch in Shanghai. It already has a joint venture bank in southern China.

The rationale for setting up in Shanghai is similar to that for Hanoi being close to where commercial decisions are being made. Dr Thanong is due to make a business trip to Shanghai in April. He said the request for a representative office was one of the subjects likely to be discussed.

The BoI's first step in establishing an office in Vietnam will be to send officials to cooperate with the Thai commercial counsellor's office in Ho Chi Minh City in providing information for Thai investors.

Mr Sathaphon said the BoI must pay close attention to economic changes in Vietnam because with the lifting of the embargo trade and investment in the region would expand.

Thailand should not worry about effects on Thai investment in Vietnam in four sectors in which the United States has expertise which Thailand cannot match—food products, consumer products, services and energy. Thailand should join the U.S. on investment projects in energy, he said. Thailand had competed for investment with countries such as other ASEAN members and China for a long time. Vietnam would be just a new competitor.

Vietnam had an advantage in labour costs because in that country these are just 10% of total investment outlay, he said. Raw materials, infrastructure, investment regulations, tax and government policy were significant to foreign investors. Vietnam wanted a long period to develop its electricity, transport and airports.

Mr Sathaphon said Thailand must reduce costs and increase its skilled workforce to attract foreign investors. Thailand must speed up development of infrastructure in remote areas. However, Thailand's strategy was to develop supporting industries which were small or medium-scale looking towards high technology. Vietnam needed a long time to develop its industry.

Mr Sathaphon said the establishment of "Zone 4" in Thailand might increase the competitiveness of this country's remote areas.

The BoI has agreed in principle to set up zone 4 in horder areas such as in the growth triangle. If the Government has a clear policy on zone 4, the Finance Ministry, Commerce Ministry and the BoI will cooperate to consider the details which cover complicated aspects such as tax systems and quotas.

Mr Sathaphon said the BoI would join the Vietnamese Government in holding a seminar on investment prospects in Vietnam. More than 50 Thai businessmen were expected to attend the session in March. The seminar will give Thai investors a chance to meet state enterprise representatives from Vietnam for talks on joint ventures.

Mr Chuan is scheduled to visit Vietnam in March.

Thais can invest in Vietnam in many areas such as mining consumer products, light industries and agriculture, most of them under state enterprises the Vietnamese Government wants to privatise. Thailand has prospects of exporting spare parts and construction materials to Vietnam which aims to double its Gross Domestic Product by 2010.

The Vietnamese Government's development plan for the next six years envisages spending about US$40 billion, made up of $12-13 billion from foreign investment, $7-8 billion from domestic sources and $20 billion from foreign loans.

The BoI reported that 119 foreign investment projects in Vietnam in 1993 comprised 15.35% of total investment. Taiwan ranked first with 32 projects or 26.9% of the total foreign investment. Thailand was fifth with eight projects and 6.72% of the total investment.

Visit by Taiwan President Stressed as 'Private'

BK1002065494 Bangkok BANGKOK POST in English 10 Feb 94 pp 1, 3

[Text] Foreign Minister Prasong Sunsiri yesterday emphasised that Taiwan's President Li Teng-hui would be paying a private visit to Thailand that carried no official endorsement from the Government. President Li, who was reported to have left the Philippines for Indonesia yesterday, is expected to arrive in Thailand on Monday on the last leg of a regional tour that Beijing strongly opposes.

Squadron Leader Prasong said the Taiwanese president arranged the trip to Thailand through the private sector and that there were no plans for him to meet Prime Minister Chuan Likphai or other Cabinet ministers. The Foreign Minister reaffirmed Bangkok's one-China policy but he pointed out that this did not exclude economic relations. Thailand and Taiwan are co-members of the Asian Pacific Economic Cooperation (APEC) forum.

Sqn Ldr Prasong made the points after meeting China's Ambassador-designate Jing Guihua, who made a second trip to the Foreign Ministry yesterday, to make sure that the Foreign Minister had received Peking's protest note.

The envoy had delivered Peking's protest to Permanent Secretary for Foreign Affairs Pracha Khunakasem on Tuesday, when the Foreign Minister was absent.

The envoy presented his credentials to His Majesty the King yesterday afternoon, after meeting Sqn Ldr Prasong.

"I informed him [the Chinese envoy] that the Thai Government did not issue the invitation, and that the Foreign Ministry had received no communication on the matter," Sqn Ldr Prasong said.

"They [the Taiwanese] contacted the private sector," he said. Thailand broke off diplomatic relations with Taiwan when it normalised relations with China on July 1, 1975.

"We respect the agreement and we have a one-China policy," Sqn Ldr Prasong said. Thailand did not intervene in the political problems between China and Taiwan which were "their internal affair". But economic relations were a different matter, especially when Thailand and Taiwan were co-members of APEC. Exchanges of visits for talks on economics and trade were "possible".

China is also a member of the 15-nation grouping, which rallies all six member states of the Association of Southeast Asian Nations (ASEAN) and their main trading partners. In a statement issued on Monday, Beijing warned regional states of possible damage to "friendly relations" between them and China if they endorse "in whatever name or form" Mr Li's visits.

Taiwan is a major investor in the region. According to informed sources, the Taiwanese president is accompanied by First Lady Cheng Wen-hui. Foreign Minister Fredrick Chien, economic planning agency chief Vincent Siew, deputy secretary to the president Tai Jui-ming and Nationalist Party secretary-general Hsu Hsui-teh.

Chinese President and Communist Party chief Jiang Zemin is reported to be planning visits to Thailand and other ASEAN member states in the second half of this year.

Mekong River Opened for Commercial Navigation

BK1002084394 Bangkok Radio Thailand Network in English 0000 GMT 10 Feb 94

[Text] Navigation channel along the upper Mekong River has been found to be suitable to be open to commercial navigation. The four-nation working party recently surveyed the new navigation route along the upper Mekong River slated to be open for cargo and passenger ships. The working party studying the feasibility of navigation said the new route is suitable from a southern town in China through Myanmar [Burma] and Laos to Chiang Saen and Chiang Khong Districts in Chiang Rai Province.

Director General of the Department of Engery Affairs Prathet Sutabut said the opening of the new navigation route will benefit the four countries in communications, transportation, and tourism. The new project is part the Quadrangle Economic Cooperation Plan among Thailand, Laos, Myanmar [Burma], and southern China.

Agricultural Agreement Signed With Indonesia

BK1002082994 Bangkok Radio Thailand Network in English 0000 GMT 10 Feb 94

[Text] Thailand and Indonesia this week signed an agricultural cooperation at a ceremony in Bangkok.

Minister of Agriculture and Cooperatives Niphon Phromphan said that the signing ceremony followed by bilateral talks between Thailand and Indonesia on agricultural cooperation held for the first time in Jakarta, Indonesia, in February 1993. [sentence as heard] Minister Niphon said cooperation included vegetation, livestock, and fishery. As a result, business people of Thailand and Indonesia have set up joint ventures in poultry farm, feed stock industry, and deep sea fishery.

The minister said that the second meeting in Thailand emphasized on attracting the private sectors from both countries to invest in agricultural production and agroindustrial manufacturing. The meeting also dealt with economic and technical cooperation to promote to promote agricultural production.

An agreement on technological cooperation and technology transfer between Thailand and Indonesia has also been signed during a meeting.

Vietnam

Founding of Radio 'Democratic Asia' Criticized

BK0902150094 Hanoi QUAN DOI NHAN DAN in Vietnamese 22 Jan 94 p 7

[Commentary by Hoang Huan: "The Truth About the Establishment of Radio Democratic Asia"]

[Text] During the "Cold War," the United States had more than 40 radio stations which were all run by the CIA and which were designed for instigation and ideological sabotage in the world. Of these, the three largest radio stations were the Voice of America, VOA, which, headquartered in Washington, was under USIS, the U.S. Information Service; Radio "Free Europe" which, headquartered in Munich in the Federal Republic of Germany, was targeted at the East European countries; and Radio "Freedom," which was targeted at the former Soviet Union.

When the Cold War was over, a number of people suggested dissolving Radio "Free Europe" and Radio "Freedom" because the main goal of these two stations had been achieved: communist rule over European countries no longer existed. But U.S. President Clinton holds a different view. He wants to maintain Radio "Free Europe" and Radio "Freedom." He is also calling for the setting up of Radio "Democratic Asia" [Chaau As Daan Chur], arguing that, just like Europe, Asia is a continent with an important role and a strategic position. In the current situation, the role and strategic position of Asia are all the more important. With a large population, Asia now has some 170 million English-speaking people. The United States must have a sense of responsibility toward Asia, especially at a time when there is a "new-type Cold War," that is, a peaceful evolution strategy, the purpose of which is Asian domination. More importantly, this strategy is also aimed at eradicating communist nations, including Vietnam.

That is the reason for the coming into life of Radio "Democratic Asia." This radio, headquartered in a borrowed place in Asia, has constantly beamed distorting broadcasts against socioeconomic reforms and social progress in various Asian countries. It has also carried news about various activities on the U.S. mainland and about the exemplary role played by the United States overseas.

Looking back over the years, we will see that Washington has been very keen on using radio to spread propaganda in Asia. Since August 1986, Washington has used the airwaves of a radio, which is also called Radio "Freedom" (located in Thailand and operating with U.S. technological and financial assistance) to regularly beam broadcasts in English, French, Vietnamese, and Thai. From late 1992 to early 1993, Mrs. Helen D.Bentley, a Republican member of the House of Representatives, put forth a proposal calling for the establishment of Radio "Free Asia." Then on 15 June 1993, President Clinton came up with a proposal to set up Radio Democratic Asia and to organize an ad-hoc committee with its members appointed by the president himself to manage the operations of various radio stations such as the Voice of America, VOA; Radio "Free Europe"; and Radio "Freedom." More specifically, this new committee will replace the old Board of International Broadcasting and will be responsible for establishing Radio "Democratic Asia," whose broadcasts are to be directed at those countries which, according to Clinton, lack democracy, such as Vietnam, China, Myanmar [Burma], North Korea, and so forth.

The U.S. Government has set aside $30 million from its budget for the running of Radio "Democratic Asia." When talking about his proposal at the White House, Clinton stated: "The purposes for the maintenance of Radio "Free Europe" and Radio "Freedom" and for the establishment of Radio "Democratic Asia" are to help consolidate democratic institutions in various areas, both in Europe and Asia, where there is an absence of democracy. People in undemocratic countries still need genuine information which should be free from being doctored or distorted by the local administration." (!)

President Clinton's new proposal has won strong support from many congressmen, including Senators Russell Feingold and Joseph R. Biden—two very powerful figures at the U.S. Senate in this matter.

On learning of the decision on the setting up of Radio "Democratic Asia," a number of reactionary political organizations among the exiled Vietnamese in foreign countries appear to have been delighted. They regarded this as a long-awaited victorious step in the "democratic construction strategy" for Asia in general and for Vietnam in particular.

But "anything rational will remain, while anything irrational will go bust." They might have forget this age-old axiom. That is why they have displayed their ecstacy too soon.

Le Duc Anh Delivers Address on Lunar New Year

BK1002052894 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 9 Feb 94

[Lunar new year message to the nation by President Le Duc Anh; place and date not given—recorded]

[Text] Dear countrymen and comrades: On the occasion of the Vietnamese traditional new year and on behalf of the party and state, I cordially extend my kind regards, greetings, and best wishes to all countrymen, comrades, and combatants throughout the country and to Vietnamese abroad. I would like also to convey my friendly greetings to our foreign friends who are celebrating the lunar new year in our country.

During the past few years, despite swift and complicated changes in the international situation and despite the heavy war consequences and prolonged U.S. embargo against us, we have scored important achievements. Our economy has consistently developed, our people's spiritual and material life improved, our political situation stabilized, and our diplomatic activities expanded. These initial achievements have enhanced our people's confidence and enthusiasm and have won admiration from our friends around the world. This success has once again testified to our people's great creativity, vigorous energy to surge forward, and profound sentiments toward our friends both near and far.

It can be said that today we have sufficient internal factors to ensure firm and long-lasting political security. We also have a firm base to maintain peace on a long-term basis and many prerequisites to lead our nation toward a new stage—the stage of national industrialization and modernization.

In the years ahead, our party, state, people, and the armed forces must strengthen their unity to enhance experiences, uphold the spirit of national independence and sovereignty, expand international cooperation, seriously practice diligence, thrift, honesty, and righteousness; develop creativity, and accelerate the renovation process. With great efforts to carry out these tasks, we will surely be able to overcome all difficulties and ordeals and score new, ever greater achievements on the path of building socialism to attain the goals of making our people prosperous, our nation powerful, and our society just and civilized, thereby step by step building our country more beautiful and prosperous as wished by our esteemed beloved President Ho Chi Minh.

I wish all countrymen, comrades, combatants, and families throughout the country good health, happiness, and prosperity in the new year.

NHAN DAN Carries Editorial

BK1002091594 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 9 Feb 94

[Editorial from 10 February NHAN DAN: "The Spring of Opportunities and Challenges"]

[Text] With this Vietnamese traditional new year, we have entered the eighth year of implementing the renovation process. During the past years, we have surmounted numerous acute difficulties and surged forward. We have taken a very important step in curbing the socioeconomic crisis. The capabilities of our nation, people, party, and state have been enhanced amid difficulties and hardships. The achievements recorded on the internal and international fronts have created new opportunities for national development.

However, our nation is still poor and the results of our economic activity are insufficient and uncertain. At the same time, hostile forces are attempting to undermine us, and social vices—especially corruption and lavish spending—are still prevalent. These are the great ordeals in our efforts to advance along the path chosen by our esteemed Uncle Ho, the party, and the people, which is aimed at making our people prosperous, our nation powerful, and our society just and civilized so as to catch up with developments in countries around the world.

Indeed, our past achievements have created favorable conditions for our country to enter a new stage of development. New opportunities as well as some acute ordeals are currently placing increased demands on our nation's capabilities. People throughout the country are concentrating their efforts to accelerate development by attaching importance to agriculture and changing the economic structure in the direction of industrialization and modernization. Efforts are also being made to improve social welfare, strengthen political stability, and consolidate national defense and security, thereby helping to extricate the nation from its socioeconomic crisis and lead it to a new, firm developmental position.

Spring always comes with prospects; the greater the prospects, the more efforts must be made to attain them. We must seize opportunities to overcome any obstacles and only by overcoming obstacles will we be able to advance further. We must bear in mind that all developments depend chiefly on internal strength. People throughout the country are united and heading in the same direction, and as a result new opportunities will be seized and developed in the new year.

Australia

10.6% Jan Unemployment Rate Lowest in 20 Months

BK1002063894 Melbourne Radio Australia in English 0100 GMT 10 Feb 94

[Text] Australia's unemployment rate has fallen to its lowest level in 20 months coming in at 10.6 percent last month. Officially just over 929,000 Australians are out of work, down by a little over 8,000 for the month. Linda Mottram reports the new figures also show another 22,000 Australians found work in January.

[Begin Mottram recording] The January figures from the Australian Bureau of Statistics defied a columnist's prediction that there could be a slight rise in the jobless rate. Instead, there was a fall of 0.1 percent from December to 10.6 percent in January. It is the third successive monthly fall in the unemployment rate. Most significantly, the numbers of men seeking full-time jobs fell by almost 12,500 but a longer term measure of the trend in the unemployment rate continues to be flat at 10.8 percent. The figures also show a slight rise in the participation rate, that is the combined number of people with jobs and officially registered as looking for work, indicating renewed confidence among job seekers about their prospects in the work force. The figures also give the new year school leavers their search measure of the state of the job market. [end recording]

Papua New Guinea

Politician Opposes Australian Parliamentary Visit

BK1002084194 Hong Kong AFP in English 0742 GMT 10 Feb 94

[Text] PORT MORESBY, Feb 10 (AFP)—A prominent Papua New Guinea leader Thursday spoke out strongly here against any Australian political involvement in the secession-torn province of Bougainville. Bernard Narokobi, an influential opposition MP, gave an emphatic "no" when responding to an agreement between prime ministers Paias Wingti of PNG and Paul Keating of Australia that an Australian parliamentary delegation could visit Bougainville.

The island province has been riven by conflict since a secessionist uprising there four years ago and each side has accused the other of atrocities. A delegation would assess security and investigate allegations of human rights abuses. The timing and composition of the group is to be discussed between the two governments.

Narokobi, a former attorney general, was one of two government negotiators of two failed peace accords—the Endeavour Accord and the Honiara Declaration—made with Bougainville rebels. Narokobi accused Wingti, currently visiting Australia, of admitting failure by agreeing to allow outsiders to attend to PNG's domestic problems. He told journalists that Australia would be meddling in PNG's internal affairs if it sent the delegation.

"Australian parliamentarians have no right whatsoever to walk into Bougainville," he said.

Narokobi said he would personally refuse to co-operate with them, and has called on security forces in Bougainville not to allow the delegation on to the island. He said for any outsider to come in would be the "highest form of insult."

"Australians would do well to attend to the plight of their indigenous people," he said. And if an Australian parliamentary delegation was allowed into PNG, then a similar PNG delegation should be allowed to go to Australia to look into issues affecting indigenous Australians, he added.

Rebel Attack Leaves One Dead in Bougainville

BK1002063094 Melbourne Radio Australia in English 0500 GMT 10 Feb 94

[Text] There have been two new clashes between Papua New Guinea [PNG] security forces and the Bougainville Revolutionary Army [BRA] in which one person was reported to have been killed and three wounded. PNG Radio said the first clash occurred when the BRA attacked the government station at Boku in Southeast Bougainville yesterday morning. The radio said one of the rebels was killed in an exchange of fire with troops guarding the station. In the second clash, three civilians, including a senior public servant, were wounded when rebels ambushed two government vehicles travelling from Sovele to (?Koto). One of the vehicles was abandoned and later set on fire by the rebels. PNG Radio said the clashes are part of step-up attacks by the BRA in government- controlled areas of Bougainville.

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